

Leicestershire County Council

Best Value Review of Public Transport Services

October 2000 - July 2001

Report of Findings

CONTENTS PAGE

	<u>Topic</u>	<u>Page Number</u>
1.	<u>SUMMARY</u>	7-10
2.	<u>INTRODUCTION TO THE REVIEW</u>	
2.1	The Services	11-12
2.2	Review Objectives	12
2.3	The Review Process	12-13
2.4	Presenting the Findings	13-14
2.5	Next Stages	14
3.	<u>POLICY CONTEXT</u>	
3.1	Transportation in Leicestershire	15-16
3.2	Corporate Objectives and Primary Transport Objectives	16-17
3.3	Specific Objectives and the Role of Public Transport	17-18
3.4	Challenge to the Service	
	- should we provide the service?	18-20
	- could the objectives be met by other means?	21-22
	<u>ANALYSIS OF THE SERVICES</u>	
4.	<u>SUPPORT FOR BUS SERVICES</u>	
4.1	Context	
4.1.1	A Picture of the Service	24-26
4.1.2	Current Objectives	26
4.1.3	Current policies	26-27
4.1.4	Current operational priorities	27
4.1.5	Service development in recent years	27-28
4.1.6	Trends in expenditure and performance	28-29
4.2	Analysis of Service Policy	
4.2.1	What do customers think of current policy	29
4.2.2	How do our policies compare	29-31
4.2.3	Analysis of Alternative Policies	31-34

	<u>Topic</u>	<u>Page Number</u>
4.3	New Bus Support Policy	
4.3.1	Including a Value for Money Element	35
4.3.2	Operational Aspects	35
	- <i>Handling Commercial Service Withdrawals</i>	36
	- <i>Handling Varying Contract Performance</i>	36
	- <i>Handling Changing Patterns of Movement</i>	36
	- <i>Ensuring Expenditure Stages within Budget</i>	36
	- <i>Complimenting other Transport Policy</i>	36-37
	- <i>Orbital Services in Central Leicestershire</i>	37
	- <i>Evening and Sunday Services</i>	37
	- <i>Interchange</i>	37-38
4.3.3	Impact and Funding of the New Policy	38-41
	- <i>Notional Future Spend</i>	38-39
	- <i>The three tiers of service</i>	39
	- <i>% of population served by bus</i>	40-41
4.3.4	Is the Level of Service/Funding Appropriate	42-43
4.3.5	Overall Summary on the New Policy	43-44
4.4	Service Provision – Customer Views	45
4.5	Influencing the Scope and Quality of Commercial Services	45-48
4.5.1	- Making Quality Bus Partnerships More Effective	45-46
	• <i>Different Mix of Investment Measures</i>	46
	• <i>Securing Greater Commitment from the Bus Companies</i>	46-47
	• <i>Using Statutory Partnerships or Quality Contracts</i>	47
	• <i>Extending QBPs to other areas</i>	47
4.5.2	- Using other measures	47-48
4.6	Quality of Contract Bus Provision	48-51
4.6.1	Options for Improving Quality	49-51
	• <i>Service Design and Specification</i>	50
	• <i>Award of Contract</i>	50
	• <i>Inspection and Enforcement</i>	50
	• <i>Two Envelope Tendering</i>	50

	<u>Topic</u>	<u>Page Number</u>
4.7	Cost Performance, Competitiveness and Alternative Supply	51-56
4.7.1	General	51
4.7.2	Strength and Competitiveness of Local Bus Supply Market	51-52
4.7.3	Current Approach to Purchasing and Stimulating Supply	52-53
4.7.4	Different Ways of Interacting with the Supply Market	53-54
4.7.5	Buying and Operating the Council's Own Vehicles	54-55
4.7.6	Expanding Voluntary Sector Provision	55-56
4.8	Provision of Bus Passenger Information	56-59
4.8.1	Basic options	56-57
4.8.2	Options for Information Types	57
4.8.3	Level of Service	58-59
4.8.4	Controlling Cost and Quality	59
5.	<u>SUPPORT FOR RAIL SERVICES</u>	
5.1	Context	60-61
5.1.1	A picture of the service	60
5.1.2	Current objectives	60
5.1.3	Current policies	60
5.1.4	Current operational priorities	61
5.1.5	Service Development in Recent Years	61
5.1.6	Trends in Expenditure and Performance	61
5.2	Analysis of Service Policy	62-64
5.2.1	What do customers think of the policy	62
5.2.2	How do we compare	62
5.2.3	Alternative Options to Direct Subsidy of Rail	62-63
5.2.4	Alternative Options for Supporting Rail Service Development	63-64

	<u>Topic</u>	<u>Page Number</u>
5.3	Rail Service Quality	64
	5.3.1 What do customers think of service quality	64
	5.3.2 How does quality compare	64
5.4	Service Competitiveness and Alternative Supply	65
6.	<u>SUPPORT FOR ACCESSIBLE TRANSPORT</u>	
6.1	Context	66-68
	6.1.1 A picture of the service	66
	6.1.2 Current Objectives	66
	6.1.3 Current Policies	67
	6.1.4 Current Operational Priorities	67
	6.1.5 Service Development in Recent Years	67
	6.1.6 Trends in Expenditure and Performance	67-68
6.2	Analysis of the Service	68-69
	6.2.1 What do customers think of the service	68
	6.2.2 How does service availability compare	68
	6.2.3 Issues Relating to Current Policy	69
6.3	Analysis of Alternative Policy Options	69-71
	6.3.1 Restricting Access Needs	69
	6.3.2 Countywide Coverage	70
	6.3.3 Funding Overlap	70-71
6.4	Service Quality	71-72
6.5	Service Provision – Alternative Options and Competitiveness	72-73
7.	<u>SERVICE MANAGEMENT AND ADMINISTRATION</u>	
7.1	Context	74-75
7.2	Service Quality - What do customers think	75
7.3	Cost Competitiveness	75-78
	7.3.1 How do we compare	75
	7.3.2 Options for Improving Competitiveness	76-78

	- Externalisation	76
	- Integrated Council Transport Procurement	77
	- Improving Existing Administration	77-78
	- Trading Agreement with City Council	78
8.	<u>RECOMMENDATIONS</u>	80-89
9.	<u>APPENDICES</u>	
A.	Terms of Reference)	
B.	Position Audit)	Bound Separately
C.	Project Plan)	
D.	<u>Supporting analysis of:-</u>	
	<u>Buses</u>	
D1	- Options for a New Bus Support Policy	91-96
D2	- Value for Money Measures within the New Policy	97-99
D3	- Testing the New Bus Support Policy	100-101
D4	- Buying and Operating the Council's Own Vehicles	102
D5	- Expanding Voluntary Sector Transport	103
D6	- Options for Improving the Quality of Contract Local Buses	104-105
	<u>Rail</u>	
D7	- Subsidising Local Rail Services	106-108
D8	- Options for Supporting Rail Service Development	109-110
D9	- Quality of the Ivanhoe Stage 1 Service	111
D10	- Cost Effectiveness of the Ivanhoe Stage 1 Service	112
	<u>Accessible Transport</u>	
D11	- Targeting Accessible Transport	113-114
D12	- Expanding Accessible Transport Countywide	115-116
D13	- Cost Effectiveness of Accessible Transport	117-119
	<u>Management and Operations</u>	120-121
D14	- Externalising Service Management	
D15	- Integrating Transport Procurement and Operations	122
E.	Summary of approach to consultation	123-125
F.	Summary of approach to benchmarking	126-128

G.	<u>Maps and Graphs</u>	
	G1 - Map of Existing Hourly Bus Network	
	G2 - Map of Indicative New Hourly Bus Network	
	G3 - Graph of Spend on Hourly Services versus Population Served	
H.	List of References	129-131

SECTION 1 - SUMMARY

1.1 Background

1. The review covers the following services, managed by the Public Transport Group of the Planning and Transportation Department:
 - Support for local bus services, including provision of subsidised services, provision of bus passenger information, support for Quality Bus Partnerships and support for community-based transport
 - Support for local rail services
 - Provision of public transport services for people with mobility impairments
2. The review was programmed as a Year 1 Best Value review because of concerns over the rapid increase in the cost of supporting the bus services network. The terms of reference were drawn up to produce a full review of the service, covering the full range of policy, cost and quality issues. Following preparation of a position audit and project plan, the investigation was carried out between October 2000 and July 2001 by an officer group reporting to a Member Panel. The review is planned to be 'inspection ready' by the end of October 2001.

1.2 The policy context

3. Public transport services are shown to contribute significantly to the corporate objectives of the Council, expressed through the strategy laid out in the Local Transport Plans. There are many cross-links between public transport and other strands of Council policy. Overall, public transport has two key objectives:
 - To provide a means of access to jobs and facilities for those who do not have access to a car
 - To provide an attractive alternative to the car as a contribution to improving overall transport sustainability.
4. A challenge to the service as the whole concludes that neither of the two key objectives could be adequately met if the Council withdrew from this activity, or if it attempted to provide the service wholly by other means.

1.3 Bus service policy

5. Analysis of present policy for supporting bus services concludes that it is too reactive, produces some services which do not offer value for money and could fit better with the Council's corporate objectives. Extensive testing of alternative policy options was carried out and concluded in a recommendation for a new approach, building a network of interconnecting hourly bus services throughout the county, supported by community-based rural services, by hourly evening and Sunday services on main routes and by special services for school children.
6. This network, within available funding, could place 95% of Leicestershire people within a 10 minute walk of an hourly or better bus service. To be successful, the new policies need to be matched with a similar step-change in service quality, through the use of low-floor buses, improved bus stops and other features.
7. New performance indicators are proposed, coupled with an annual review process to ensure expenditure is kept in line with available funding.
8. An analysis of the potential for improving the scope and quality of commercially run bus services concludes that the Council's influence will remain limited. However, steps can be taken to improve the effectiveness of the Quality Bus Partnerships and to use similar techniques elsewhere in the county.
9. An analysis of bus passenger information produces a recommended mix of measures, from the internet to leaflet timetables, to be used as the basis for negotiating a Bus Information Strategy with the bus companies, as required by the Transport Act 2000.

1.4 Bus service cost and quality

10. The cost of provision of bus services was considered, and options for better controlling expenditure were explored. The report concludes:
 - there should be an extension of present work in trying better to influence the market through the way contract services are tendered
 - there may be scope for buying vehicles to place with contractors but
 - the case for in-house operation of bus services is not at present strong enough to warrant detailed investigation
 - there could be benefits from improving the market for smaller vehicles and expanding the operation of voluntary sector schemes.

11. The control of bus service quality was analysed at the three stages of contract specification, selection of contractor, and inspection and enforcement. We conclude that recent improvements are already helping at the last stage but more could be done at both the earlier stages to ensure higher quality, including possible use of a 'two envelope' tendering system. Our measurement of customer satisfaction with the quality of services also needs to become more sophisticated.
12. The review considered issues of cost and quality for bus passenger information and concludes that quality improvements should be sought through the specification of the bus information strategy.

1.5 Rail services

13. The review noted that the Council is unusual in supporting a whole local rail service, the Ivanhoe Stage 1 service between Leicester and Loughborough. After analysing its cost-effectiveness and contribution to sustainability, we conclude that continued support for this service does not represent best value for the authority and the present initiative to transfer funding responsibility to the Strategic Rail Authority should be carried through to a conclusion.
14. The review concludes, however, that other means of supporting rail, including construction of some new stations and investing in improved bus/rail interchange, are justified.
15. Cost and quality issues for the Ivanhoe Stage 1 service were considered but passenger perceptions of quality are generally good and there is very little control over cost. Detailed initiatives are proposed.

1.6 Accessible transport

16. A key issue is that the service does not provide countywide coverage at present. The review recommends that this is brought about, largely through building on existing partnerships with voluntary sector providers; this will add significantly to the total cost. Complimentary measures are also recommended, including helping increase the availability of low-floor buses and working with district councils to make taxis more useful to disabled people.
17. An analysis of cost and quality issues revealed no major concerns but concludes that a number of initiatives should be taken forward, including a closer examination of service integration with other providers.

1.7 Service administration

18. The group buys in most services from external suppliers on the open market. The review examined the case for externalisation of service management/administration, concluding that any benefits from externalising this group of staff would be marginal at best but that the present Highway Services review provided a useful vehicle for testing the market on this.
19. Looking at other administration issues, the review concludes
 - there is a case for bringing forward the investigation of full integration of transport procurement across the authority
 - there is a need to develop improved management information systems within the group to help bring about an improvement in target setting and monitoring
 - the present trading agreements for supplying the services to Leicester City Council are generally cost-effective.

1.8 Other matters

20. The report sets out a series of recommendations to be taken forward in the improvement plan. Supporting analysis is provided in a series of appendices and the report summarises the consultation and benchmarking work that has been carried out. The difficulty of producing valid performance comparisons with other authorities has been a concern throughout the review and the recommendations include a proposal for further work on this.

SECTION 2 – INTRODUCTION TO THE REVIEW

2.1 THE SERVICES

21. The services covered by the review are managed by the Public Transport Group of the Planning and Transportation Department. They are:
 - Support for local bus services, including provision of subsidised services, provision of bus passenger information, support for Quality Bus Partnerships and support for community-based transport
 - Support for local rail services
 - Provision of public transport services for people with mobility impairments (accessible transport)
22. The Council originally intended to include concessionary travel within the review. However, the Leicestershire District Councils, who took on a legal responsibility for funding a minimum concessionary travel service in June 2001, have requested that no Best Value review should be carried out until a new or revised scheme is in place. A pre-Best Value review of mainstream home to school transport, the other main service managed by the Public Transport Group, was carried out in 1999/2000.
23. The services in this review contribute to most of the Council's corporate objectives but have particular relevance to the objectives of improving economic wellbeing and protecting and enhancing the environment. They do this by helping to provide access to jobs and facilities for those without a car available, and by providing an attractive alternative to the car and hence reducing damage to the environment. They form part of a wide range of services provided by the Council to meet these corporate objectives, and there are particularly direct cross-links with the Council's other transportation services.
24. In supporting bus services, we:
 - Use subsidy to buy in bus services to fill gaps in the network of commercially run bus routes, thereby achieving overall levels of access
 - Work with people in rural communities to develop community-based solutions to rural access needs
 - Work with the bus companies and others in joint investment programmes in the larger urban areas to secure improvements to commercially run bus services and thus make them more attractive as an alternative to the car
 - Work jointly with the bus companies to provide comprehensive bus passenger information in support of the objectives above

25. In supporting rail services, we work to help enhance the role of trains in providing a more sustainable alternative to the car. In particular, we:
- Directly support the Ivanhoe rail service between Leicester and Loughborough
 - Plan for the further development of the local rail network, including investment in new stations
 - Lobby for nationally-funded improvements
26. In supporting accessible transport, we work to make it easier for people with mobility impairments to meet their access needs. In particular, we:
- Fund minibus and car schemes for mobility-impaired people run by voluntary sector bodies
 - Fund 'Access' and dial-a-ride services in Central Leicestershire
 - Work with bus companies to help increase the usefulness of low-floor buses to mobility-impaired passenger

2.2 REVIEW OBJECTIVES

27. The review was initially established as a 'year 1' review because of concerns about rapidly increasing service costs and the difficulty of maintaining adequate bus service links in these circumstances. However, there is now increased funding available from central government, and an increased emphasis on public transport in national policy, particularly through the Local Transport Plans system. There is thus an opportunity to use the review to examine how the Council can best respond to this new context.
28. The Terms of Reference (Appendix A) expand the central concerns into a full examination of the service.

2.3 THE REVIEW PROCESS

2.3.1 Those involved

29. Analysis for the review has been carried out by staff of the Public Transport Group in the Planning and Transportation Department. All staff in the teams affected by the review have been involved in this work, which has been led by the group manager, James Holden. A project assistant, Bhavesh Mistry, has been employed on a temporary basis, mainly to deal with data collection and analysis. An external company was engaged to carry out one element of the consultation through focus groups. An external consultancy (IdeA) was employed to give an initial appraisal and challenge to the review findings.
30. An extensive programme of consultation with customers and other stakeholders included full consultation with staff and trade unions.

31. An officer steering group has provided overall guidance and external challenge. The group comprises Andy Brown (Chief Executive's, a lead officer for Best Value), Pat Sartoris (Senior Assistant County Treasurer), Mary Hufford (Education Officer for policy and planning), Jim Cowley (Financial Controller, Planning and Transportation) and James Holden.
32. The officer group has reported to a Member Steering Group of five members, namely Messrs Parsons (Member of Cabinet and Chairman), Brown, Rhodes, Mayfield and Mrs Cowles. Following County Council elections in June 2001, the last two Members were replaced by Messrs Lucas and Kershaw.

2.3.2 The Review Process

33. The outline process is set out in the table below

<i>Stage</i>	<i>Timing</i>
Review preparation and approval of terms of reference by Cabinet	Early summer 2000
First Member meeting, to approve Position Audit and Project Plan	30 th October 2000
Investigation of policy issues, culminating in second Member meeting	19 th February 2001
Investigation of cost and quality issues, culminating in third Member meeting	9 th April 2001
Investigation of remaining issues and preparation of draft final report, culminating in fourth Member meeting	July 2001
Cabinet and Scrutiny consideration of final report, public consultation, preparation and approval of improvement plan	Complete by October 2001
Inspection by Best Value Inspectorate	January-March 2002
Implementation	October 2001 onwards

2.4 PRESENTING THE FINDINGS

34. The analysis of services conducted during the review covered the large number of questions and issues laid out in the position audit, grouped into summary papers for presentation to the member panel covering firstly policy issues and secondly cost and quality issues. This report draws those elements together into two main elements:
 - Section 3: A description of the policy context, including the fundamental challenge as to whether the Council should be involved in providing this service.

- Sections 4-7: Investigation of the service, intended to provide a full picture of the service as it now is, including the views of customers and comparison with other authorities. This leads to analysis of options for improvement in key areas, with recommendations to go forward to the improvement plan.
35. Supporting analysis for the main improvement issues is given in Appendices D1 to D15. The answers to other questions and issues raised in the position audit but not having a significant bearing on the review outcome are contained in the member panel papers.
36. Appendices E and F summarise the consultation and benchmarking work which has gone to inform the analysis, much of it carried out specifically for this review. Benchmarking has been a particular concern: despite work over an extended period, pre-dating the review by over a year, it has been possible to produce little performance benchmarking data. This reflects the national picture and is an issue to be addressed in the improvement plan.

2.5 NEXT STAGES

37. The Review Panel have agreed and set out a number of detailed recommendations for consideration by the Cabinet. The Panel is of the view that these should be developed into a detailed implementation plan, specifying how the targets for service improvement will be met. Before this happens, however, the Panel recommends a further round of consultation to test out the views of stakeholders on the improvement recommendations. This might best take the form of a 'consultation day', with different stakeholders invited to appropriate different elements of it and the wide circulation of a summary of the report.

SECTION 3 - POLICY CONTEXT

3.1 TRANSPORTATION IN LEICESTERSHIRE

38. Leicestershire has a population of around 600,000. Of those, 230,000 live in the Central Leicestershire area which surrounds the City of Leicester at the geographical centre of the county. Of the remainder, 230,000 live in the county towns, which are located 10 to 15 miles from Leicester. 25,000 live in the relatively densely populated Soar Valley, between Leicester and Loughborough, and the remaining 115,000 live in the rural areas.
39. Travel patterns in the central part of the county are heavily influenced by the presence of Leicester. It is a major attractor for work, shopping and leisure purposes and suffers correspondingly from traffic congestion at peak times. County settlements in the Central Leicestershire area, from Oadby right round to Birstall and Syston, are themselves local attractors, and the M1 Junction 21 shopping and business area is a regional attractor.
40. Elsewhere, the county towns are important local centres, the larger ones having growing problems of traffic congestion. The presence of a succession of large urban areas in surrounding counties closely adjacent to Leicestershire, including places such as Nottingham, Northampton and Coventry, means that communities towards the edge of the county often look cross-boundary to access many facilities. This is particularly characteristic of the rural areas, where car-owners will often have complicated journey patterns to a series of different centres.
41. Car ownership levels are generally high (68% in rural Leicestershire)¹ and follow the national trend of higher ownership in rural areas. Similarly, traffic growth has been characteristically high, with the latest National Road Traffic Forecasts suggesting that further growth in Leicestershire to 2025 will slightly exceed the East Midlands average.
42. The County's rail network centres on Leicester, with the main north-south Midland Main Line providing half-hourly services on the London-Sheffield corridor to Loughborough and Market Harborough. Hinckley and Melton Mowbray have hourly services on the West Midlands to East Anglia and Nottingham routes. Other local stations have services of approximately hourly frequency, with those in the Soar Valley served by the Ivanhoe Line service. Only Bottesford, on the Nottingham to Grantham line, is not on a route connecting directly to Leicester.

43. Despite the long-term decline in public transport patronage, the bus service network remains strong, helped by the long-term commitment of the County Council through bus subsidy and concessionary travel payments. Present characteristics of the network are:
- *County towns* - most have regular daytime services within 400 metres of virtually all residents, mainly operated commercially although there are subsidised routes, particularly in the smaller towns. Evening and Sunday services are sparse.
 - *Settlements in Central Leicestershire* - have generally high frequency links on routes to Leicester city centre, nearly all commercially operated. There is relatively good coverage on evenings and Sundays, with many of these subsidised by the County Council. Orbital services to other Central Leicestershire destinations are generally sparse.
 - *Inter-urban routes* - radiating from Leicester generally have regular daytime services, mostly commercially operated. The stronger ones have evening and Sunday services also, some subsidised by the County Council.
 - *Rural areas* - now have guaranteed minimum standards of service ranging upwards from a weekly shopping service for communities of 50 people. A large majority of these services are subsidised and the Council is also active in developing community-based transport schemes, often using cars and minibuses, for the smaller rural communities.
44. Portraying this complex service pattern visually is difficult but the plan attached as Appendix G1 gives an indication of the more frequent services in the present network.

3.2 THE COUNCIL'S CORPORATE OBJECTIVES AND ITS PRIMARY TRANSPORT OBJECTIVES

45. In 1999 the Council adopted new corporate objectives. These are:
- A. Advancing lifelong learning
 - B. Building a healthier community
 - C. Protecting and enhancing the environment
 - D. Improving economic well-being
 - E. Promoting the better government of Leicestershire
 - F. Reducing crime and anti-social behaviour.
46. Transport contributes in many different ways to the achievement of these. The County's Local Transport Plan (LTP) builds on these objectives, on national guidance and on the results of public participation to lay out an Aim and Primary Transport Objectives. The Aim is " To achieve a transport system for Leicestershire which meets the requirements for access and economic development in a way which seeks continuous improvement in sustainability and people's quality of life." The Primary Transport Objectives cover:

- *Accessibility* - to improve access to everyday facilities, particularly for those who do not have access to a car
- *Economic development* - to support the local economy and accommodate economic growth in suitable locations
- *Health* - to improve health through improvements in air quality and encouragement of walking and cycling as means of exercise
- *Safety* - to improve safety and security for all travellers
- *Environment* - to reduce the adverse impact of traffic
- *Integration* - to improve integration within and between modes and ensure the transport system supports the wider objectives of the County Council and other service providers.

47. There are cross-cutting links between objectives for public transport and those for other activities. Amongst these, a prominent example is the Leicestershire Rural Strategy, drawn up by the Leicestershire Rural Partnership of County and District Councils with other agencies. Amongst 14 strategic objectives for the Strategy are:

- Develop the role of market towns and rural centres in providing services to their rural hinterland
- Measures should be taken to improve transport provision in rural areas

And several others with a bearing on transport.

3.3 SPECIFIC OBJECTIVES AND THE ROLE OF PUBLIC TRANSPORT

48. The LTP goes on to develop specific objectives which will help deliver the primary objectives. Public transport, cycling, walking and a series of different highways measures have their role to play in these, and there is a complex interaction between the different measures and the way they meet the different objectives. The whole has been informed by the comprehensive public participation exercise for the LTP.
49. The specific objectives for public transport are as follows:

<i>Primary Objective</i>	<i>Specific objective</i>
Accessibility	Increase bus passenger journeys
	Increase awareness of public transport travel opportunities
	Make public transport interchange more effective
	Increase rail passenger journeys
	Improve social inclusion through the availability of public transport
Environment	Reduce car travel to school

50. It should be noted, however, that support for public transport has a direct bearing on many other specific objectives in the LTP. Sections 4-7 describe the extent to which existing public transport policies and provision meet this context and considers whether changes are necessary.

3.4 CHALLENGE TO THE SERVICE - SHOULD WE PROVIDE THIS SERVICE AT ALL? COULD IT BE PROVIDED BY OTHER MEANS?

3.4.1 Should we provide this service at all?

What does government require?

51. The Transport Act 1985 (Section 63) requires the Council to 'secure the provision of such public passenger transport services as the council consider it appropriate to secure to meet any public transport requirements within the county which would not in their view be met apart from any action taken by them for that purpose; and to formulate from time to time general policies as to the descriptions of services they propose to secure (to this end)'.
52. This does not imply any minimum level of involvement. However, guidance from successive governments over a long period makes clear their expectation that County Councils will be active in support of public transport. The latest guidance came successively in the 1998 Transport White Paper, the Transport Act 2000 and the guidance on the preparation of Local Transport Plans.

What do the Council's corporate objectives require?

53. The analysis in Sections 3.2 and 3.3 demonstrates that public transport contributes centrally to the achievement of Local Transport Plan objectives.

What do customers want?

54. Full analysis of customer views is provided later in the report. At this point it can be noted simply that both users and non-users expect public transport services to be comprehensively available.

What would happen if the Council withdrew its support?

55. Without council intervention, the level of bus services would be much lower overall and not provided evenly across the county. A full analysis is separately available but for bus services in summary:

- There would be almost no services to rural villages
 - Many services in and between the county towns would be removed or reduced
 - Orbital services in Central Leicestershire would be lost
 - Throughout the county there would be a major loss of services in the evenings and on Sundays
 - With continued retrenchment by the commercial bus operators, this situation can be expected to worsen through time
56. Accessible transport is currently provided by a variety of means, from private cars through to low-floor buses. There are also several funding agencies, including social services, the health authorities and various 'access to work' schemes. Within this mix of provision, the County Council funds specific schemes carrying around 270 people a day. An analysis², separately available, suggests that, if council funding were withdrawn:
- Voluntary schemes could only obtain very limited replacement funding from elsewhere, so would greatly reduce their activities
 - The spread of low-floor buses would help some people, but many accessible transport scheme users cannot use even low-floor buses
 - The continued growth of the elderly population would increase the already substantial unmet demand for travel.
57. It is concluded that a withdrawal of council funding would cause problems for a significant number of individuals, problems which would not only reduce effectiveness in meeting corporate objectives but could also result in an increased call on home services, with cost implications for other agencies.
58. Overall therefore, to meet customer expectations and its own objectives, the Council needs to be substantially involved in the provision of both local bus services and accessible transport services.

Do other Councils provide these services?

59. Almost every transport authority subsidises local bus services, provides bus passenger information and supports some accessible transport services. A large majority of those with substantial urban areas are involved in quality bus partnerships. Most have policies for the support of rail services but direct subsidy for whole services such as the Ivanhoe service is rare.

Do the same arguments apply to all the elements of the service?

60. *Bus passenger information.* The provision of bus passenger information is mainly a support activity for subsidised local bus services and in many cases will pay for itself through consequently increased passenger use of the service. There is a strong government lead through the requirement in the Transport Act 2000 for the provision of a bus information strategy, which itself is in line with corporate objectives. The necessity for some involvement seems clear.
61. *Quality bus partnerships.* There is also a strong government lead on quality bus partnerships. If the Council withdrew from this activity it is likely that there would be a less effective performance against corporate objectives. In particular:
- The direct benefits of Council investment in infrastructure would be lost
 - Bus companies would be less likely to be able to persuade their parent groups to supply new vehicles
 - At a more pragmatic level, the DTLR would take this as a signal that the Council was not committed to what it considers a key element of integrated transport and might adjust future funding accordingly
62. *Support for rail services.* Almost all councils have policies for the development of rail services but Leicestershire is unusual in providing direct support for the full operation of a passenger rail service. Most authorities confine their efforts to minor expenditure on projects like station refurbishment, to provision of appropriate land-use policies and to lobbying activities.
63. Government expects local authority involvement in rail, and rail services have the same potential to meet corporate objectives as buses. It might be argued that local authorities are minor players in an industry which is dominated by major national players and thus cannot expect to have much influence. However, the activities engaged in by most authorities have minor resource costs attached and so a modest return is acceptable. Direct subsidy for rail services puts this Council into a different league and requires the investment to be justified in value for money terms. This is considered in section 5.2.

Conclusion

64. *There are strong pressures from government, from corporate objectives and from customers for the delivery of these services. It is clear that the Council should retain some involvement in each of them. The level of involvement, however, must depend on an analysis of value for money. This analysis, elsewhere in this report, suggests that not all current activities can be justified on that basis and some others have still to be proved.*

3.4.2 Could the objectives be met by other means?

65. As the analysis earlier in this report shows, the fundamental purpose of all aspects of the service is to:

- Help meet the access needs of those who do not have a car available
- Provide an attractive alternative to the car so as to lessen the environmental damage produced by transport overall

This section examines alternative ways of meeting those objectives.

What do other authorities do?

66. Benchmarking has not revealed any authority meeting these objectives in ways fundamentally different from those employed in Leicestershire.

Alternative Options for meeting access needs

67. Meeting access needs for those without a car available, the first objective, requires transport to be available, affordable and of acceptable quality, or for the facility to be locally delivered. Possible different ways of meeting the objective have been analysed.

68. *Subsidise the user, not the service.* The Council already provides travel concessions (see position audit). It would be possible to reduce support for bus services and instead supply a more generous level of travel concession. The general consequence is likely to be that:

- Taxis would become more affordable and hence more widely used.
- But, with many rural bus services meeting well under half their costs from fares, it is likely that many services could not be sustained on a commercial basis even with greater subsidy to the user.
- Because taxis are less cost-effective than buses for any significant demand, a concentration of spending onto taxis would lead to available funding producing less transport provision in total.

69. However, many disabled people are unable to use buses: making taxis more affordable for them could compliment the provision of specialist transport. This is considered in the accessible transport section of this report.

70. *Bring services to the user, not the other way round.* There are several aspects to this alternative:

- Structure and Local Plans can and locally do contain land-use policies designed to help minimise the need to travel by providing appropriate local facilities and following a general policy of 'urban concentration' for new development. However, given the rate of

change in the built environment, they will only have effect over a long period.

- There can be specific initiatives to try to retain and strengthen existing local shops and other facilities. The partners in the Leicestershire Rural Partnership are active to this end.
- Similarly, there can be efforts to maintain or increase mobile services, from the long-established mobile library service through mobile shops to the more recently established internet shopping.

71. Each of these can have some impact, but most go against the grain of changes in society. Mass car ownership has allowed the establishment of large supermarkets and other retail and leisure facilities in locations which are convenient for car users but poorly sited for bus access. Initiatives to bring facilities to the user are complimentary to but cannot replace providing transport to meet access needs.

Alternative Options for providing an attractive alternative to the car

72. Public transport services meet this objective as one of a series of measures included in the Council's overall transportation strategy, as laid out in the Local Transport Plans. These include provision for and promotion of increased cycling and walking, and measures to promote reduced car use and more environmentally responsible driving. The emphasis could be swung more heavily onto the other measures, so reducing the need to invest in public transport, but it is both the local and the government view that the 'non car' modes should be seen as complimentary, not as alternatives. In particular, bus travel offers convenience over distances much greater than most people would wish to walk or cycle.

Conclusion

73. *The service could be provided to some extent by other means, but complimentary to rather than replacing the provision of public transport services.*

3.4.3 Overall conclusion on challenge to the service

74. **At the service level the Panel concludes that the Council should provide support for these services and could not generally achieve the same objectives by other means. However:**
- **This does not lead to any conclusion as to what *level* of service provides best value**
 - **It draws no conclusion as to the cost-effectiveness of different ways of providing the service. There are particular issues about the cost-effectiveness of Quality Bus Partnerships and of direct subsidy for rail services. These issues have been considered by the Panel later in this report.**

SECTIONS 4 - 7 - ANALYSIS OF THE SERVICES

Introduction

75. This section provides a summary of the services covered by this review. It aims only to give key information: more detail is to be found in the Position Audit. It goes on to analyse the performance of the services, and of service administration. The main issues raised by this analysis are taken forward for options analysis, supported where necessary by detailed analysis in Appendices D1 to D15. Finally, the conclusion and recommendations of the Panel for inclusion in an improvement plan are set out.

Financial Context

76. The spend per head on public transport in 1998/99 (previous Audit Commission indicator P7) was £6.03 against an English counties average of £4.51. However, Leicestershire was almost unique in solely funding concessionary travel in the county, a sum which is included in the £6.03. Without this the total would be approximately £3.30 per head. A low spend per head is not necessarily good or bad. The requirement for subsidised services depends on the relative strength of the commercial services network, which itself depends upon local topography and demography, economic conditions and other factors.

4. SUPPORT FOR BUS SERVICES

4.1. CONTEXT

4.1.1 A picture of the service

77. The Council works to try to maximise the effectiveness of the whole bus services network, commercial and subsidised, in meeting access needs and providing an attractive alternative to the car. Specifically, the Council:

- Subsidises bus services to fill gaps in the network of services run commercially by the bus companies. This involves analysing changes in the commercial services network and consequent emerging gaps, designing services to fill those gaps and letting contracts for them, and thereafter managing the contract services, including operational inspection.
- Similarly supports community transport or shared taxi and minibus services in cases where these are the most cost-effective solution
- Works with bus companies in Quality Bus Partnerships to improve the scope and quality of commercially run bus services and to improve interchange. This involves planning and managing joint investment programmes, with the local authority concentrating on the provision of bus stops, bus priorities and other infrastructure.
- Provides bus service information by the design and production of timetable leaflets, booklets and roadside displays and by the joint support of a telephone call centre.

The Public Transport Section provides the same services for Leicester City Council under a trading agreement.

78. As reported in paragraph 43, despite the long-term decline in public transport patronage, the bus service network remains strong, helped by the long-term commitment of the County Council through bus subsidy and concessionary travel payments. Present characteristics of the network are:

- *County towns* - most have regular daytime services within 400 metres of virtually all residents, mainly operated commercially although there are subsidised routes, particularly in the smaller towns. Evening and Sunday services are sparse.
- *Settlements in Central Leicestershire* - have generally high frequency links on routes to Leicester city centre, nearly all commercially operated. There is relatively good coverage on evenings and Sundays, with many of these subsidised by the County Council. Orbital services to other Central Leicestershire destinations are generally sparse.

- *Inter-urban routes* - radiating from Leicester generally have regular daytime services, mostly commercially operated. The stronger ones have evening and Sunday services also, some subsidised by the County Council.
 - *Rural areas* - now have guaranteed minimum standards of service ranging upwards from a weekly shopping service for communities of 50 people. A large majority of these services are subsidised and the Council is also active in developing community-based transport schemes, often using cars and minibuses, for the smaller rural communities.
79. Portraying this complex service pattern visually is difficult but the plan attached as Appendix G1 gives an indication of the more frequent services in the present network.
80. In volume terms:
- The Council supports around 200 subsidised bus services, using 37 different bus companies under contract, travelling 10,200 miles and carrying 13,900 passengers each day.
 - The Council supports 8 community transport, shared taxi or small minibus services in rural areas.
 - In the Central Leicestershire Quality Bus Partnership (QBP) the Council has so far invested in four main corridors, with more planned.
 - In the Loughborough QBP we have worked on a variety of improvements to passenger information, have introduced improved interchange at the rail station and plan a major corridor investment for implementation in 2002.
 - In the Hinckley QBP we have so far concentrated on improvements to passenger information.
 - The Council produces around 70 separate bus timetable leaflets a year as well as providing roadside displays, maintaining a comprehensive database, helping to support the Traveline inquiry service and contributing to other publicity initiatives jointly with the bus companies.
 - The service, with that for Leicester, is provided by 10 staff, including 2 mobile inspectors.
81. Our main stakeholders are the customers for the service, other potential bus users, the bus companies, Leicester City Council and the district councils, as well as our staff who provide the service. A programme of ongoing consultation includes:
- The Leicester and Leicestershire Bus Users' Panel
 - Specific consultation preceding service changes
 - Feedback from the programme of on-vehicle inspections

82. The base budgets for 2001/02 are:
- County Council revenue support budget for buses of £1.207m
 - Additional revenue funding through government Rural Bus Grant £0.71m
 - Capital funding for QBP investment, approximately £0.3m

There are additional sums available through the 'Leicestershire and Rutland Cross-County' Rural Bus Challenge scheme (£1.6m, mixed capital and revenue over three years) and the two new Rural Transport Partnerships (£250,000 + for each partnership over three years). The revenue support budget managed for Leicester City Council totals £0.42m.

4.1.2 Current objectives

83. Overall objectives are determined by the Local Transport Plan and are to:
- Increase bus passenger journeys
 - Increase awareness of public transport travel opportunities
 - Make public transport interchange more effective
 - Improve social inclusion through the availability of public transport
 - Reduce car travel to school

4.1.3 Current policies

84. There is no statutory requirement to produce any minimum level for this service. However, there is a duty to support socially necessary bus services as the Council deems necessary (Transport Act 1985) and to draw up a Bus Information Strategy (Transport Act 2000). Successive governments have made it clear, through means such as guidance on preparation of Local Transport Plans, that they expect councils to be fully involved in all these areas. In summary, the Council's bus service support policy allows for:

A.	Subsidy for any service not provided commercially if it meets priority needs and costs less than 48 pence subsidy per passenger mile (ppm)
B.	The same for services meeting other needs if the cost is less than 24 ppm
C.	Subsidy for experimental new services meeting priority needs, and for services replacing withdrawn commercial services, if their cost is less than 48 ppm after a 6 month period

D.	A guarantee of minimum service levels in rural areas:
	A weekly shopping bus for communities of 50 or more people
	A Monday to Saturday shopping bus for communities of 250+
	A Monday to Saturday shopping bus with a choice of time or destination, plus a Monday to Friday workers' service, for communities of 500 or more
E.	Support for small-scale community transport and other services in rural areas, in line with assessed local demand

85. Current policy for QBPs is to develop a series of cost-effective individual schemes, subject to appropriate contributions from the bus company partners, with the intention of maximising the consequent increase in patronage, particularly amongst those transferring from cars.
86. Current policy for bus passenger information is:
- To provide effective information for contract bus services through a combination of leaflet timetables, roadside displays and other means
 - To produce joint area timetable booklets, with the bus companies, in the Hinckley and Loughborough QBP areas
 - To act as a full partner in the development of the PTI2000 initiative.

4.1.4 Current operational priorities

87. Specific objectives in the 2000/01 group service plan were to:
- Develop new rural services to promote increased usage
 - Contain growth in revenue support expenditure pending review
 - Continue efficiency reviews of contract services
 - Expand rural transport development work
 - Ensure bus companies commit to greater investment in QBPs
 - Ensure QBP works programmes are effectively carried out
 - Improve measurement and monitoring of results of QBP activity
 - Ensure the new Traveline service is successfully established
 - Produce a new standard format for council timetable leaflets

4.1.5 Service development in recent years

88. Examples include:
- Introduction of new approach to rural bus services when rural bus grant introduced in 1998. This followed a programme of consultation and included defined minimum service levels, development of key inter-urban links, introduction of experimental evening services.
 - Introduction of commercial service development initiatives through Quality Bus Partnerships, for example on the Welford Road in

Leicester and on the rail station to university route in Loughborough, both producing 5%+ year on year patronage growth³.

- Introduction in 1999 of new approach to 'deep rural' transport, involving a development worker working closely with communities to produce appropriate solutions to local access problems. Services introduced include new evening services closely designed around local needs.
- Detailed analysis in 1999 of better ways to control the market for bus service contracts, in response to high price increases; led to some innovation in tendering techniques.
- Introduction in 2000 of enhanced approach to service quality standards, with staff reallocation and recruitment giving more resource for inspection and enforcement.
- Launch in 2000 of 'Star-trak' real-time information system, in partnership with bus companies and Leicester City Council.
- Leading role in 2000 in introduction regionally of the PTI2000 public transport information service, including 'Traveline'.
- In 2000 bid for and won £1.6m Rural Bus Challenge funding from DETR to help transform the inter-urban bus network through rural Leicestershire: largest RBC award of the year.
- Introduction in 2000 of new management arrangements for QBPs, with a tighter focus on specific route initiatives.

4.1.6 Trends in expenditure and performance

89. Key aspects are:

- The market price for buying in contract bus services has been increasing rapidly for several years. This is coupled with a continued slow reduction in the network of commercially run bus services. Prior to this there had been a long period in which the total cost of subsidising the network was stable or falling. These features are in line with national trends. (see 4.7).
- This has put pressure on the budget, which has had to increase at around £200,000 a year to cope.
- There is no sign as yet of the increase in the market price levelling out. Even when it does, it will take some years more before the effects work through as existing contracts become life-expired. However, the rate of attrition of the commercial services network has slowed and there is some confidence that future cutbacks are likely to be more marginal.
- A number of the service enhancements introduced with the Rural Bus Grant in 1998 have produced significant growth in patronage. However, many of the services introduced to guarantee minimum levels of service are very little used.
- There has been an increasing commitment by the bus companies to the QBPs. However, it has sometimes been difficult to produce matched investment from them for particular projects. New projects coming forward look to have a better tie-in between the two parties.

- Customers believe that the quality of vehicles and drivers has been improving over the last several years but are concerned over many other aspects of quality, including reliability and passenger information.

4.2 ANALYSIS OF SERVICE POLICY

4.2.1 What do customers think of current service policy?

90. Consultation presents a complex picture of the views of customers. Generally, users of bus services are tolerant of bus services overall, believe standards are improving, but have many detailed concerns. Non-users, by contrast, tend to have much more negative views⁴. Evidence suggests that users of council contract bus services are more satisfied than users of commercially run services⁵.
91. Bus users:
- Agree with the Council's current priorities for types of service to support
 - Want more evening services, for leisure, work and lifelong learning
 - Want higher frequency and more integrated services.
92. People as a whole:
- Want more services, particularly in the evenings and at weekends
 - Want better information and better ticketing arrangements
 - Want newer buses
 - Want better waiting facilities

4.2.2 How do our policies compare with those of other authorities?

93. Other authorities use policies combining one or more of the following general types:
- Maintain all services previously operating
 - Define access standards or minimum levels of service for different communities
 - Fill gaps in access to particular facilities
 - Support services using a value for money criterion with a cut-off point
94. Most combine a value for money measure with one or more others in order to ensure that limited funds can be spent to best effect⁶.
95. Most other authorities provide a similar range of passenger information to that provided by Leicestershire. Increasingly this is done in partnership with bus companies. Levels of expenditure vary widely, with some providing only basic information on contract bus services

and others providing comprehensive information for all services. The Review Panel could find no evidence of work to assess the cost-benefits of different approaches to passenger information, although officers are now involved in regional work to develop the common elements of a bus information strategy.

96. In terms of QBPs, and the wider issue of influencing the scope and quality of commercially run bus services:
- A large majority of authorities are now involved in Quality Bus Partnerships and regard these as the main means of influencing commercially run services
 - Most use a variety of customer feedback mechanisms to try to bring pressure to bear on commercial operators in respect of specific service failings
 - Many invest in bus stops, shelters and interchanges outside QBPs to provide support for the quality of the overall bus journey
 - Similarly many support general bus passenger information to help overall quality
 - Generally, however, most consider themselves able to influence the quality of commercially run services only at the margin and through informal pressure.
97. With regard specifically to QBPs:
- Most concentrate on specific partnerships covering one corridor at a time.
 - A number have claimed significant increases in patronage following QBP initiatives (e.g. Ipswich 'Superoute 66', Leeds Busway).
 - But this review has not been able to find examples of QBP initiatives being justified on cost-benefit grounds.
 - The theoretical basis for QBPs, that improvements in all aspects of service are necessary to attract car users, is supported by academic research (for example a 1995 study for Centro).

Conclusion on current bus support policy

98. *The Panel is of the view that the County Council's existing policy on bus support should be updated, because:-*
- *The bus services network overall appears not to be meeting customer expectations for scope, frequency and integration.*
 - *The 'pence per passenger mile' policies have been in place for more than 10 years and provide a largely reactive approach.*
 - *Developments in government policy through the 1998 Transport White Paper, the Transport Act 2000, the Local Transport Plan system and the Rural White Paper 2000 give scope for a more proactive role in influencing the overall service provided by both commercial and subsidised bus services.*

- *The existing policies have not previously been properly assessed against the Council's corporate objectives.*
 - *There is a particular need to take action on a number of the services introduced in 1998 to provide minimum levels of service, many of which are little used.*
 - *There is now substantial extra funding available through Rural Bus Challenge and there is a need to be sure that this is properly integrated with policy overall.*
99. *The Review Panel has considered alternative options for bus support policy (see Section 4.2.3) and recommendations are set out later in this report.*
100. *At one level, the Council's policy and practice with respect to Quality Bus Partnerships is not a major issue, following as it does the national pattern for these. Nevertheless, however effective the Council might be in improving the scope and quality of subsidised bus services, commercially-run bus services dominate the picture countywide and customers have expressed clear and strong concerns about the adequacy of these. The Council's influence over commercial services is inevitably limited, but this is such an issue for customers that it must be considered as a major issue for the review. This is addressed in Section 4.5 of this report.*
101. *Policy on bus passenger information may be a less central issue but there are still significant customer concerns about the adequacy of what is at present offered. This issue is addressed in Section 4.8 of this report.*

4.2.3 Analysis of alternative policies for supporting bus services

What options are available and which is preferred?

102. The Review Panel has considered an analysis of alternative options for supporting bus services. A copy of the analysis is attached as Appendix D1. This assesses how corporate objectives and the wishes of customers can best be translated into policies for buying in bus services. The analysis looks first at options for service types best suited to meeting corporate objectives, then at the options for ways of deciding what service levels are appropriate in different circumstances.

Appraisal of Options for Bus Service Support Policy in Terms of Access Needs

103. The Panel has considered an analysis of alternatives for bus support policy in terms of a number of access needs as follows:-

Access to Employment

104. The analysis concludes that providing an hourly service provides the best compromise between effectiveness and cost. Effective interchange with other services will increase the range of potential work destinations. The increasing flexibility of working hours means that evening and Sunday services will in future have a greater role to play in providing access to work.

Access to Other Services (shopping, personal business etc)

105. The analysis concludes that an hourly service meets the access need best. Where an hourly service cannot be justified there is a strong argument for using a non-prescriptive, community transport based approach for access.

Access to Health Facilities

106. The analysis concludes that an hourly service to the nearest main centre with a district hospital and good interchange with other services would be favoured, combined with community based transport schemes for individuals where possible.

Access to Adult and Community Education

107. The analysis concludes that only hourly services and effective interchange provide credible access.

Access to Leisure Opportunities

108. The analysis concludes that providing successful public transport for leisure access is notoriously difficult. The prospects are best where services have multiple purposes, a leisure destination, for example, being served by a diversion off a main route rather than by a special service.

Summary Conclusion of Analysis

109. *A summary conclusion of the analysis is that to provide best access to defined activities for those people without access to a car, the Council should ensure that as many people as possible have available:-*
- *A daytime hourly bus service to the preferred nearby main centre, usually a county town, Central Leicestershire or a similar centre in an adjacent county;*
 - *An evening and Sunday hourly bus service to the nearest main centre;*

- *For rural communities not served by hourly services, a flexible service, possibly community based, to meet the main access needs identified by the community, within funding limits.*

Appraisal of Options for Bus Support Policy in Terms of Providing an Attractive Alternative to the Car

110. The Panel has also considered bus support policy in terms of the 'Alternative to the car' objective.

Service Frequency

111. The Panel has noted that a motorist's decision whether to use the bus for a particular journey is influenced by reliability, frequency, easy to use timetable/route and vehicle/driver quality. Quality Bus Partnerships try to influence these factors. County Council funding of a number of higher frequency services in congested urban areas would be likely to lead to conflict with the existing commercial operator and inequity in provision compared to rural areas. Funding a wide network of hourly services, whilst not producing the same transfer from cars as higher frequency services, would produce some transfer and appears to offer the best compromise between offering an attractive alternative to the car and spreading access as far as possible.

Car Journeys to School

112. Car journeys to school are a major contributor to peak hour traffic congestion, pollution and accidents. Existing Council subsidy policy provides support for some 'school special' buses and farepaying places on spare school transport buses. The Council is already working with schools to put in place School Travel Plans aimed at persuading more children to walk, cycle, use public transport or share cars to school.
113. The Panel has considered whether a higher level of investment in school bus services might be an effective means of reducing journeys to school by car. The Panel considers that extra school buses are likely to be most effective where used as one of a package of measures to improve the sustainability of school transport. With limited funds the most effective policy would be to provide extra school buses in appropriate circumstances to schools actively involved in school travel plans, integrated with the supply of free home to school transport.

Conclusions on Alternative Policies to Improve Bus Support

114. *Following consideration of the analysis and above factors the Review Panel concludes that:-*
- *Changed circumstances make it possible for the Council to be more positive about influencing the overall shape and objectives of the bus services network in the county.*

- *Less-frequent bus services provide only the most limited options for customers; only when a service reaches hourly frequency or greater does it offer genuine choice for a variety of journey purposes.*
- *There is a sustainability case for funding home to school transport for those not statutorily entitled to this. This should be provided in partnership with schools engaged in Travel Plans.*

4.3. NEW BUS SUPPORT POLICY

4.3.1. Including a Value for Money Element in the Bus Support Policy

115. The Review Panel has considered the following options for rationing the available services where funds are limited:-
- define minimum service levels to different size communities and use a value for money (vfm) measure to buy additional services above that level;
 - analyse needs by community and use a vfm measure to decide which to provide;
 - measure number of communities or % population offered access to facilities and prioritise using vfm measure;
 - use a vfm measure on its own.
116. The Panel has also considered an evaluation of the alternative value for money measures including:-
- fares revenue/cost (% cost recovery)
 - subsidy per passenger journey
 - subsidy per passenger mile
 - % increase in people served to the access standard per £ spent

A copy of the options appraisals is set out in Appendix D2.

Recommendation

117. **That in order to ration limited funds a target be set for the percentage of Leicestershire people who are provided access through each service type then a vfm measure be used to buy in services to move as close as possible to that target.**
118. **That the value for money measure to be used as the main determinant in deciding on which service to provide be 'the population served per £ subsidy'. That the 'subsidy per passenger journey' criterion be used as the day to day management tool for monitoring the performance of contract services and taking action where necessary.**

4.3.2. Operational Aspects of the New Bus Support Policy

119. The Review Panel has considered analysis of a number of aspects of the detailed operation of a new bus support policy. A copy of the analysis is attached as Appendix D3. In particular the analysis considers how the policy would:-

Handle commercial service withdrawals

120. It is proposed that any commercial service withdrawal should be assessed to see if it produces a gap in service which would reduce the % of people with access to hourly services. If it would, a bus service contract would be let. If this new contract meant the service budget was likely to overspend then the cost would be recouped through an annual service review process.

Handle varying contract performance

121. An annual review of all services would be carried out early in each financial year and adjustments made to ensure expenditure stayed within budget. If budgetary pressures required it, the services with highest subsidy cost per person served would be the priority for withdrawal. Any contract performing badly would be highlighted by this process and by using the support per passenger journey measure, action taken to improve its performance.

Handle changing patterns of movement

122. If there was substantial demand for a new hourly service then this would be introduced experimentally. In the next annual review, more than six months after the service started, its performance would be assessed against the value for money criterion.
123. In the annual review process community transport services would be judged against the subsidy cost per passenger journey criterion
124. If changes were necessary to stay within budget then a judgement would need to be made between changes to hourly services, schools services or community transport.

Ensure expenditure stayed within budget

125. The annual review process described above would be used to manage the budget. At present expenditure is increasing due to higher contract prices and commercial service withdrawals. If the new network of hourly services is successful in increasing patronage the process will be held more in check.

Compliment other aspects of public transport policy

126. Existing work in developing community based small scale transport schemes in the more rural areas will be much increased in this approach with its emphasis on close working with communities everywhere off the hourly services network. The recent establishment of two Rural Transport Partnerships will help both the funding and the execution of this work. Other supporting policies will include the

development of Quality Bus Partnerships, greater investment in bus passenger information, and the development of interchange and through ticketing.

Recommendation

127. **That a process of annual review be used to ensure that services are adjusted to meet changes in demand and in the commercial services network and to ensure that expenditure stays within available funding without ad hoc decision making.**

Orbital Services:- Central Leicestershire.

128. Initially, no orbital bus route in Central Leicestershire was included in the tested option, because all places serviced by any such route have frequent radial services into Leicester. However, viewing this as part of a strategic network puts a different perspective on it. Without an orbital route a passenger coming in from Wigston, for example, and wishing to reach Fosse Park, would have to travel via the city centre. We therefore conclude that there is a justifiable case for inclusion of a Central Leicestershire orbital service to complete the 'strategic' network.
129. At the moment there are three such services. One, the 'Inner Circle', runs almost entirely through Leicester. A second is the 'Outer Circle', which runs 65% in Leicester and 35% in the county. A third is the South Leicester Link, which runs from Oadby across the south of Central Leicestershire to Fosse Park. The Inner and Outer Circles, both long established, have considerable overlap and we believe there is a case, as part of the implementation of the review, for a complete re-evaluation of these services. The result would be likely to be a single route in the county which linked the key Central Leicestershire communities with other facilities round the edge of Leicester. It need not necessarily complete the full circle round the north and east of the city.

Evening and Sunday Services

130. As with the main daytime network, there could well be a case for concentrating the improved evening and Sunday services first on the 'strategic' network. This would maximise the overall scope for travel at these times as well as providing the best opportunities for linking to evening and weekend leisure facilities.

Interchange

131. Implementation of the new network requires improved quality as well as improved quantity. Part of this will be delivered through such measures as the use of low-floor buses and a more tight specification of quality in contracts. An important further element is improved

infrastructure, to improve the overall journey experience and particularly to assist interchange.

132. Funds are available through the Rural Bus Challenge project, as well as the Local Transport Plan, to assist with improving interchange. Much interchange will take place in the county towns, and here the main requirements will be placing bus stops conveniently close together, improving waiting conditions, providing and maintaining clear passenger information on connecting services, and extending the Star-trak real-time information system.
133. The extent of interchange at key points in the rural areas will depend upon the particular form that the new 'deep rural' services take, but it is likely to be much increased from the present. The key features to help ensure this interchange works effectively will include:
 - Good waiting conditions and road layout to permit bus/bus and bus/taxi interchange in close proximity.
 - Star-trak real-time system on the main bus routes
 - Comprehensive interchange information at the stop
 - Connections managed such that the passenger can usually transfer direct from one vehicle to the other
 - Mobile phone communication between connecting vehicles to be used in the event of late running.

4.3.3. Impact and Funding of the New Bus Support Policy

134. Adopting new policies will produce major changes to the bus services network. The Review Panel has considered the results of testing of different ways of building up the network of bus services using these policies. The testing is theoretical until detailed network design is carried out and market prices for contracts obtained, but it has been carried out to a level to demonstrate the credibility of the new approach. The testing shows:-
 - Even if there is no change in the County Council's revenue support budget, more money in total will be available because of an increasing allocation of Rural Bus Grant and successful bids for Rural Bus Challenge and Rural Transport Partnerships. The total available in 2000/01 was £1.65m; in 2002/03 it is likely to be £2.30m.
 - Different notional allocations between different service types were tested, attempting to draw a balance between making a major impact with the network of hourly bus services and at the same time creating few 'losers' elsewhere. The extra funding gives the opportunity to make this compromise much more comfortably than would otherwise be the case. After testing, a potentially most effective split might be as follows:

<i>Service type</i>	<i>2000/01 spend</i>	<i>Notional future spend</i>
Hourly daytime services	£0.36m	£1.15m
Hourly evening services	£0.07m	£0.32m
Hourly Sunday services	£0.08m	£0.18m
Conventional and community transport services for villages off the hourly services network	£0.89m*	£0.30m*
Non-statutory school transport	£0.20m	£0.25m
Bus passenger information	£0.05m	£0.10m
TOTAL	£1.65m	£2.30m

**** Note - Under this option there would be fewer people off the hourly services network in future. The budget allocation gives approximately the same spend per head as at present.***

135. The implementation plan will need to propose a method of introducing new services, using a staged approach where consultation and the results of early stages will inform the later stages and total allocations. These allocations, however, are thought capable of producing the necessary comprehensive hourly bus services network which, with improved interchange assisted by capital investment, should transform the accessibility which local bus services offer.

136. The hourly services would themselves be in three 'tiers':

1. A strategic network providing the key inter-urban links, both radial from Leicester and orbital round the county, including revised orbital services through the Central Leicestershire area. A number of these are commercially run.
2. Other hourly services linking strings of communities to main centres.
3. Local feeder services, often operated using small vehicles, linking in to the main services network.

137. The hourly services have been built up in order of net cost per person served and the graph in Appendix G3 shows how this is done. The top tier performs generally well against this criterion but is viewed as being a whole and not susceptible to alteration in annual reviews: it is the framework on which the rest of the network hangs.

138. The maps (Appendix G2 compared against G1) show how the new policy would increase the coverage of hourly bus services. The table over shows the effects in terms of populations served:

% of Leicestershire's population served by bus

<i>Service type</i>	<i>Served now by commercial services</i>	<i>Served now by contract services</i>	<i>Served in future by contract services</i>
Hourly or better - daytime	83.5	5.2	11.4
Hourly or better – evenings	46.5	15.6	26.8
Hourly or better – Sundays	29.6	19.8	32.0

139. The major effect of the policy would be to link many more people into the hourly services network. Against the government's target of a one third increase in the rural areas by 2010,⁽²⁶⁾ this would immediately increase the Leicestershire rural figure (excluding places over 10,000 population and the Central Leicestershire Urban Areas) from 27.3% at present to 38.4%, an increase of over 40%.
140. This change would leave only 5.1% (31,000) people without hourly service. The notional allocation for these communities is designed to be sufficient to ensure that they can obtain service levels overall somewhat higher than the present. However, the new services could well be very different to the existing, because they would be based upon detailed community consultation using the approach already pioneered by the Council's Rural Communities Transport Officer. Her work over the last two years, plus developing best-practice in Leicestershire in using shared taxis and flexibly routed minibuses, provides evidence that this approach to producing rural transport solutions can be made to work.
141. This increased use of transport solutions more appropriate to small demands, including community-based transport, taxis and minibuses, and the increased use of interchange with the main services network, should help ensure that the available funds do produce improved service levels overall. The use of the subsidy per passenger journey criterion would help ensure discipline over the support for different services. Where present services were lost as a result of this approach, it would be likely to be only those which were very poorly used, and in each case the community would have the opportunity to have other transport facilities.
142. On the hourly services network it is likely that there will be small numbers of losers, particularly in the evenings and on Sundays, with the refocusing of services onto routes where the return in people served per £ is greatest. The number of winners will greatly exceed this number. Similarly a number of communities will lose infrequent direct services to alternative destinations, but these will be replaced by more

frequent services to main destinations with the ability to interchange there to routes to many other places.

143. The analysis in this report inevitably depends upon estimates and only when services are defined in detail, and tendered or negotiated for, will it be possible to determine the overall costs accurately. This implies the necessity for a cautious approach to implementation, in which there is a periodic cross-check to ensure that the budget allocations to the different types of service (hourly, schools, deep rural etc) are actually producing the levels of service expected of them. If they are not, a re-balancing exercise between the budget heads will be necessary. It will be particularly important to ensure that the deep rural areas, which will anyway have the lowest overall levels of service, are not starved of funding in order to ensure comprehensive coverage of hourly services elsewhere. The process of adjustment between budget heads will continue through to the longer term in the proposed annual review of services.

Conclusion

144. *Within currently available funding, and using what is at this stage a notional split of funding to different service types, significant increases in accessibility could be offered by the new bus support policy. For example the percentage of the county's population served by hourly subsidised bus services could increase from 5.2% to 11.4%. There could also be increases for those served by evening and Sunday hourly services and those having extra school transport available. Funding available for smaller rural communities would exceed that currently available.*
- *With the increased external funding now available, it would be possible to provide a comprehensive network of daytime hourly bus services placing around 95% of Leicestershire people within a 10 minute walk of such a service. This would increase by over 40% the proportion of rural residents with an hourly or better bus service available, compared to the government's Rural White Paper target of a third by 2010.*
 - *Improvements to the coverage of evening and Sunday hourly services could also be made. Improved interchange would allow greater choice of destinations.*
 - *For the small rural communities not served by this network, a flexible approach to service provision would be proposed, based on close consultation with each community. This would help ensure that services, sometimes community-based car schemes or taxis or minibuses, would be closely matched to the specific access needs.*

4.3.4 Is the Proposed Notional Level of Service/Funding Appropriate

145. A number of factors could affect the decision as to the level at which this service should be provided in future:
- The wishes of customers, who call for higher service levels during the day, in the evenings and on Sundays;
 - The availability of significant extra government funding, which will allow increases in provision without extra Council funding (though some of this funding is limited to a 3 year life);
 - Value for money considerations, and the likelihood that too great an expansion of hourly services would result in many nearly empty buses, at least in the short to medium term;
 - The likelihood that further cutbacks in the commercial services network in future will increase the demand for subsidised services;
 - The likelihood that, at service levels much lower than those outlined above, the number of 'losers' under the changed policy would grow very significantly; and
 - The overall spending priorities of the County Council.
146. The Review Panel has evaluated options which would put greater or lesser amounts of funding into the network of hourly daytime services. The results, for +/- £300,000, are shown in the table below.

<i>Annual funding for daytime hourly services</i>	<i>% of county's population served</i>	<i>Change compared to central position</i>
£1.15m (central position)	94.9	-
£1.45m	95.6	+0.7%
£0.85m	92.9	-2.0%

147. It is clear, as the graph at Appendix G3 shows, that putting extra funds in produces reducing returns to scale: the extra £300,000 would produce hourly services only for an additional 0.7% or 4200 people. Reducing the expenditure by that amount takes hourly services away from 2.0% or 12,100 people.
148. The £300,000 of expenditure necessary to move from £0.85m a year to £1.15m a year therefore produces benefits for a significant number of people. Not only that, but reducing total funding by £300,000 would mean that other allocations would have to be spread more thinly in order to provide at least some service for these communities. This would lead overall to many more 'losers' in the change and much less success in meeting the customer aspiration for higher service levels. It may also be noted that services of hourly frequency are much more likely to create growth in patronage and so help to contain subsidy costs in the longer term: there is thus a further advantage to concentrating as much available spending as possible into provision of the hourly services network.

149. A successful mix of improved service and improved quality should produce significant increases in patronage sufficient to offset some of the increased cost. This will help to contain cost increases from the rising market price and cutbacks in commercial services, considered later in this report. Nevertheless, for successful introduction of this new policy, the Council will need to be prepared to accept the possible requirement for some further increase in bus service funding in the short to medium term.

Conclusion

150. *The Panel have concluded that the level of service tested, which requires broadly the current level of funding from the County Council, is about right. Less than this, and there will have been little movement to meet the wishes of customers. More, and there is both the risk of operating services offering poor value for money and of not being able to sustain these service levels into the medium term.*
151. *The process of options testing is designed to produce an appropriate fit with corporate objectives and the wishes of customers. However, the change to services involved is potentially major.*

Recommendation

152. **To test the acceptability of the approach further consultation is recommended before this option is accepted for implementation. The improvement plan will need to include provision for detailed local consultation on individual services as part of a phased introduction programme.**

4.3.5 Overall Summary on New Bus Support Policy

153. Analysis has shown the necessity to update policy on bus service support, to meet customer expectations and changed circumstances. The assessment of options has led to the proposal that the development of an enhanced network of hourly bus services will provide the best means of meeting access needs and helping to provide an attractive alternative to the car. The proposed new basis for local bus services policy will attempt to:
- Provide a closer fit to corporate objectives and the wishes of customers;
 - Provide better value for money, particularly in the rural areas, where rural bus grant services can be better integrated into the network;
 - Use the extra funding now available to produce a step change in the access opportunities provided by the bus services network; and
 - Provide a clear mechanism for service adjustments to be made if necessary to keep expenditure in line with a cash-limited budget.

154. To be effective, this step change in provision needs to be linked to a similar step change in quality through:
- The use of low-floor buses throughout the network;
 - Improvements to bus stops and to interchange facilities;
 - Provision of comprehensive passenger information and effective marketing; and
 - Improved control of operational quality through the initiatives proposed later in this report.
155. The Rural Bus Challenge project, which will lay the framework for the new network, already contains provision for just this complimentary investment. The Council's LTP also gives the scope for the necessary capital investment in places away from the Rural Bus Challenge network over the next few years. Development of the QBPs, specifically to increase the attractiveness of commercially run bus services in meeting access needs and in persuading people from cars, will compliment this policy. Similarly, improvements to bus passenger information through the adoption of a Bus Information Strategy will support the more proactive role.
156. In this way, a step-change in the scope and quality of the county bus service network can be delivered, with consequent benefits for the delivery of Local Transport Plan objectives. A key part of this will be an expansion of the present approach to providing community-centred transport for the most rural areas, resulting in services which are much more precisely tuned to the expressed needs of customers. New performance indicators will help the management of the new services and ensure that there can be a proper match with available funding.
157. Changing large parts of the network, with the associated comprehensive local consultation, will take a considerable time. However, the Panel believe it should be possible to have achieved the target of 95% of Leicestershire people having an hourly daytime bus service within a 10 minute walk of home, and other subsidiary targets for other types of service, within two years of approval of the improvement plan.

Recommendation

158. **The Panel recommends that, subject to further consultation, an improvement plan be developed to take forward the above proposals for a new bus support policy through a phased introduction approach.**

4.4 Service Provision – Customer Views

159. Bus users:

- Have concerns about a variety of aspects of service quality including vehicle quality and cleanliness and driver behaviour
- Have concerns about the difficulty of finding out information about bus services and about this being accurate and up to date
- In addition to this, people as a whole want newer buses and more courteous drivers.

160. Surveys⁽¹³⁾ in autumn 2000 for BVPI104 showed that, for all bus services, 55% of respondents were either fairly or very satisfied with the service. The figure for users was 65%. A separate survey of 638 users of Council contract bus services produced a total of 79% either fairly or very satisfied overall. The latter is the more relevant survey⁽¹⁴⁾ in this context since it covers only services where the Council has direct control. In the same survey, 87% of users were fairly or very satisfied on reliability, 83% on cleanliness and 82% on driver attitude.

161. Similarly, for BVPI103 on passenger information,⁽¹³⁾ 69% of users were satisfied or very satisfied with the local provision of public transport information, but only 47% of non-users. In the survey⁽¹⁴⁾ of contract bus service customers, 59% were either satisfied or very satisfied.

162. There are high scores here, but equally areas of concern. In other contexts, as noted above, users and non-users express many concerns about aspects of service quality.

4.5 ANALYSIS OF OPTIONS FOR INFLUENCING THE SCOPE AND QUALITY OF COMMERCIALY RUN BUS SERVICES

What options are available and which is preferred?

163. A QBP can help to improve the quality and scope of commercially run bus services through the mix of measures which impact directly on the service and, by attracting more passengers, allow it to be sustained at a higher frequency. Benchmarking⁷ supports the view that this is the main option, but other measures have also been explored by the Panel as follows:-

4.5.1 Making Quality Bus Partnerships more effective

164. The challenge as to whether the Council should remain involved in QBPs is contained in Section 3. The Panel has considered how the Council's involvement could be made more effective including:-

- Using a different mix of investment measures or making the existing mix more effective

- Finding ways of securing greater commitment from the bus companies
- Using statutory quality partnerships, or quality contracts, as provided for by the Transport Act 2000.
- Extending QBPs to other areas

Different Mix of Investment Measures.

165. The usual mix is, from the bus companies, new vehicles, improved service levels, improved quality of operation and improved marketing; from the local authorities improved bus shelters, improved passenger information, real-time information systems, kerbs suitable for use by low-floor buses and bus priorities.
166. There is substantial justification for this mix, from specific market research (for example for the Leicester-Loughborough project), from academic studies and from benchmarking. Local experience suggests:
- There has been an under-emphasis in the past on improving conditions at bus stops, an aspect of travel which consultation shows to be a high priority for customers
 - Conventional bus lanes are highly effective where they can cover extended stretches of road or give significant journey time advantages at key junctions; otherwise they are probably a less useful tool than was previously believed. There are also considerable practical limits on what will be acceptable to the general public.
 - Despite this, there is an increasing range of techniques becoming available, including 'queue relocation' and traffic signal interaction using the 'Star-trak' bus location system. This should help to address the concerns of the bus companies, who believe the local authorities need to be more effective in insulating their vehicles from the effects of traffic congestion.
 - Real-time information systems have great potential but testing of the impact of the trial routes should be completed before further wholesale introduction.
 - A more comprehensive approach to target setting and monitoring will help the push to greater effectiveness. In the Leicester to Loughborough project, just going forward, such measures will include before and after attitude research, continuous tracking of patronage and before and after journey time measurement, all against targets.⁽⁸⁾

Securing greater commitment from the bus companies.

167. Local experience suggests that this may be becoming less of an issue, partly because of continued government pressure on the large groups and partly because companies and local authorities now better understand the factors which govern each other's decision-making. In the past, the pressure to spend available capital funds has tended to

mean that QBP infrastructure investment has gone ahead even if the bus company is not responding with complimentary vehicle investment. Having a formal agreement in place before any investment is undertaken will help to prevent any recurrence of such problems.

Using statutory partnerships or quality contracts.

168. Both these measures were introduced in the Transport Act 2000, in response to criticism on this same issue, that local authorities had so little influence in making bus services play their full part within overall transportation strategies. However, analysis, including discussion with other authorities,⁽⁹⁾ suggests neither measure has a role to play in Leicestershire in the short to medium term:

- Statutory partnerships help to protect bus companies from the risk of low-grade competition by giving access to certain facilities only to companies which meet certain standards. Such competition from 'pirate' operators is not currently a significant issue in the county and actually defining and enforcing exclusion from facilities appears very difficult.
- Quality contracts give the local authority in effect a franchising power over bus services in defined areas. However, to be introduced, a QBP must have been tried and have failed, the Secretary of State must have given permission, and there must be an introduction period of at least 21 months. All these lead to the general view that quality contracts are a device of last resort. Clearly, however, the situation should be kept under review.

Extending QBPs to other areas.

169. Doing this may increase their influence. In Leicestershire, the Rural Bus Challenge project, by forming in effect a QBP project covering the whole inter-urban network, is doing this in a radical way. Extension of QBPs to other urban areas, however, is more problematical. A successful QBP requires circumstances in which the bus company is prepared to invest; generally this will be only where present or potential commercial returns are good. In the smaller towns this is no longer the case and even the QBP in Hinckley, the county's second largest market town, is making only slow progress because services there are low down the bus company's priorities for investment.

4.5.2. Using other measures

170. Leicestershire already carries out other measures. Work on improving interchange, which has not been prominent in recent years, is to be increased in the context of both LTP policies and the Rural Bus Challenge project. The development of a new bus information strategy will also contribute.

171. Further analysis for this review suggests that there are no other readily available options for influencing the bus companies. The three elements remain a close working relationship, effective feedback mechanisms and complimentary investment.

Conclusion/Recommendation

172. *The Council's ability to influence the scope and quality of commercially-run bus services is likely to remain limited. Nevertheless, there are cost-effective steps that can be taken and the importance of this issue to customers justifies sustained effort.*
- **The Council should continue work to improve the effectiveness of QBP's through a variety of detailed measures, including a more innovative approach to bus priorities, more attention to bus terminals and interchange and clear formal agreements between the partners for every QBP initiative, covering inputs and target outcomes.**
 - **An improved monitoring system so that a more sound assessment of the impact of specific initiatives can be made. Only after this is in place will it be possible to reach a more soundly-based judgement as to the future level of investment in QBP's.**
 - **The Council should further develop its general role in providing feedback to bus companies on customer views and investing in complimentary measures both within and without QBP areas.**
 - **The Council can hope to improve the scope and quality of commercially run bus services by these means, although the fundamental limitations, through the lack of any statutory powers, will remain.**
173. **Elsewhere, the improvement plan should confirm the development of partnership working through such schemes as the Rural Bus Challenge project and the development of improved bus terminals and interchanges. The plan needs to set out how ways of improving the Council's role in helping to provide feedback to bus companies on customer views of their services will be considered.**

4.6 QUALITY OF CONTRACT BUS PROVISION

174. The Panel has found that there is no available evidence of customer satisfaction for contract bus services in other local authority areas. A comparison of Leicestershire's results for BVPI104 (satisfaction with the bus service overall) with those of a national MORI pilot survey shows that Leicestershire's score of +36.9% (fairly or very satisfied minus fairly or very dissatisfied) compares favourably with the national figure of +22.0%⁽⁵⁾ This is of limited significance, since most bus

services are commercially operated and hence outside the Council's control.

175. Benchmarking⁽⁶⁾ on processes used to ensure appropriate quality for contract bus services shows:-
- None has a fully objective system of measuring quality;
 - Most, like Leicestershire at present, specify some quality requirements in tender documents and use an inspection and enforcement regime;
 - Some use a 'two envelope' tender system to screen out those who cannot offer adequate quality standards.

4.6.1 Analysis of options for improving the quality of contract local bus services

176. Consultation⁽¹⁸⁾ suggests service quality is a greater issue for commercially-run services than for contract services. The former lie generally outside the Council's control and so our influence is limited. Investigation of what can be done is set out in section 4.5. One problem is that the overall quality standards of the bus operator market from which the County Council must purchase are not very high. The Panel believes that more could be done by the Traffic Commissioners to enforce higher quality standards amongst bus operators and so help overcome this problem. To do this, the commissioners would need greater resources for inspection and enforcement. Quality is still a significant issue for contract services and the Panel has analysed the options for improving this.
177. The Panel noted that at present the authority:-
- Sets out quality requirements in contract conditions;
 - Uses a 'penalty points' system, leading ultimately to the loss of the contract, to enforce these;
 - Uses two mobile inspectors and a vehicle inspector in a programme of checks and follow-up action.
178. The authority has recently increased its efforts on inspection and enforcement and on specifying more tightly the quality requirements for contracts.

What are the options for improvement and which will prove most cost-effective?

179. An analysis of options was carried out and is attached as Appendix D6. It looked at options within each of the three stages of quality management and concluded:-

- **Stage 1 - Service design and specification:** More can be done to ensure that service design provides for reliable operation. Quality requirements can and should be built into contract conditions in a more detailed fashion than is done at present.
- **Stage 2 - Award of contract:** The present system, of accepting the lowest tender from a contractor meeting the defined quality requirements, should be maintained, rather than accepting higher prices for higher quality. However, the checks to ensure that the contractor is able to meet the defined quality standard should be made more rigorous. It may be appropriate to introduce a 'two envelope' tendering system to help to achieve this.
- **Stage 3 - Inspection and enforcement:** A recent strengthening of this function is producing results and should be given more time before any further review is carried out. It should be possible soon to place the emphasis more on working with 'adequate' operators to improve standards rather than just excluding the inadequate.

Two Envelope Tenders

180. We propose testing a two-envelope type system in Leicestershire. Tenderers will fill in a quality questionnaire, which they pass or fail. Any who fail have the second tender with the bid in returned unopened; those that pass have the second envelope opened, with the contract awarded to the lowest price amongst those. The stages in testing this would be:

- Devise appropriate quality questionnaire
- Consult with bus companies on it
- Introduce on a test basis
- If successful, expand to countywide use and consider use also for school transport services.

Conclusion

181. *The Panel is of the view that the above analysis shows how the authority may best continue to drive up quality standards. However, it is not yet clear how far we should take this process. That judgement will depend on the level of satisfaction of our customers and the additional cost involved in producing each marginal improvement in quality.*
182. *The cost of incremental improvements in quality can be assessed but the authority cannot yet satisfactorily measure customer views. The '% satisfied' figure from the BVPI and our own surveys is not sufficient to guide action on specific aspects of quality and the other consultative information we have does not yet fill this gap. Action needs to be taken to address this.*

Recommendations

183. Steps should be taken to:

- Lobby the Government to strengthen the work of the Traffic Commissioners
- For contract services, produce a tighter definition of quality requirements at the service specification stage, pre-tender;
- Take more rigorous steps before a contract is awarded to ensure that tenderers can meet the required quality standards, perhaps with the help of a 'two envelope' system of tendering;
- Develop the newly-enhanced inspection and enforcement regime to focus increasingly on helping bus operators to drive up their own standards; and
- Produce more sophisticated ways of measuring customer satisfaction with quality so that the authority can better measure performance and determine targets

4.7 COST PERFORMANCE AND COMPETITIVENESS IN PURCHASING BUS PROVISION AND ALTERNATIVE SUPPLY

4.7.1 General

184. The estimated subsidy cost per passenger journey in 2000/01 was 87p. 90% of local bus work is tendered in the open market (approximately £240,000 a year of negotiated de minimis payments versus £2,080,000 on contracts for city and county services plus rural bus grant).
185. The Panel has noted that nationally, in the year leading to November 2000, inflation on like-for-like replacement of local bus service contracts was running at 16.7% and for school contracts at 11.1%⁽¹⁵⁾. In Leicestershire, increases of 31% and 23% have been recorded for small numbers of recently replaced local bus services. These findings are not statistically significant, however, and more reliable figures are the 17.5% increase for 50 single deck school contracts in summer 2000 and 9.5% for 30 double deck school contracts. (The market for school bus contracts performs very similarly to that for local bus service contracts);

4.7.2 Strength and Competitiveness of the Local Bus Supply Market

186. Nationally, the number of tenders per contract reduced from an average 3.1 in 1999 to 2.9 in 2000.⁽¹⁵⁾ There was also a continued trend of deregistration of commercial services. In Leicestershire, the number of tenders per contract remains at around 6.5. There is no evidence of any significant cartel operating in the county. The trend of deregistration of commercial services continues locally, although with lower levels of cutback than in previous years.

187. It has not been possible to compare the market price for local bus service contracts in Leicestershire with those elsewhere, because of the wide variations in service specification. The price of school bus contracts is however a good proxy. In late 1999 the average price in the East Midlands plus Warwickshire was £11,225 a year; in Leicestershire it was £10,000, the lowest figure in the region.⁽¹⁶⁾
188. Overall, therefore, it appears that price inflation in Leicestershire may have been running at slightly above the national average but competition in the market remains strong and the overall market price is at least below the regional average.

4.7.3 Current Approach to Purchasing from and Stimulating the Supply Market

189. The Panel noted that the overall cost of supporting bus services contains three elements:-
- The cost of buying the services themselves.
 - The scope of the commercial services network, since the larger the commercial network, the less is the requirement for contract services.
 - The cost of administering the services, considered in Section 7.
190. With regard to the first two the authority's long-term practice has been to:-
- Tender all local bus contracts on the open market.
 - Use the simplest possible qualification for the tenders list.
 - Send invitations to tender to all those on the list who have expressed an interest in the area in question.
 - Keep the service specifications as simple as possible, with careful consideration of what 'packages' of work will be most attractive to operators.
 - Have contract conditions which are as simple as possible (in practice more simple than those of many neighbouring authorities).
 - Offer as long a contract life as is permitted under the legislation.
 - Work to help strengthen the commercial bus services network through QBP activities.
 - Work with expanding bus companies to encourage them to move into commercial operation.
191. The problem of increasing prices has been analysed extensively by the authority since it first appeared. A number of initiatives have been taken, including more attractive presentation of tenders and different combinations and 'packages' of tenders. There has also been increasing attention to providing appropriate transport solutions to meet the demand, particularly in rural areas. This has resulted in an

increased use of shared taxis and minibuses rather than conventional buses.

192. The authority has also recently increased its efforts to strengthen the commercial network. In 1998/99 we provided initial support for a number of improved inter-urban services through the rural county, designed to allow these routes to attain commercial viability at higher levels of frequency. In several cases there has been a marked growth in patronage, although the objective of commercial viability has not always been achieved. The recent Rural Bus Challenge award is designed to build on this and apply the approach countywide.
193. In view of the increased costs arising from price inflation the Panel has considered an analysis of options for controlling the overall cost including:-
- Using different ways of interacting with the market
 - Buying and operating the Council's own vehicles, to stimulate competition
 - Expanding voluntary sector transport provision
 - Working to maintain and preferably increase the scope of the commercial bus services network (dealt with in section 4.5 above)

4.7.4 Using Different ways of interacting with the supply market

194. The Review Panel has considered the results of analysis of different ways of stimulating competition for Council bus service tenders using benchmarking⁽⁶⁾ comparison with the practice of other authorities, and some discussion with bus companies⁽¹⁸⁾. To help inform an analysis of possible ways of improving competition for tenders, possibilities were grouped under four main headings:
- Improve information flows to and from contractors
 - Improve and widen sourcing of contractors
 - Reduce number of contracts operating
 - Improve the tendering process.
195. The full analysis is separately available. The main conclusions were:
- There is no evidence of any significant cartel operating in the county; we receive an average 6 tenders per contract against a national average of 2.9.⁽¹⁵⁾
 - We should build on our many informal contacts with contractors by establishing a more formal forum in which general issues affecting bus service contracts could be discussed.
 - We should carry out a more regular and comprehensive review of our tenderers' list, with a view to encouraging more operators to join it.

- Tenderers should be required to tender, as well as the main contract price, an amount per mile or per hour for future service variation. This would avoid the poor value for money of later negotiation if a service variation is required.
- We should investigate further the possible linking of annual price reviews with contract performance.
- We should continue to test the minimum subsidy (operator risk on revenue) approach to tendering against the minimum cost (Council risk) approach which is currently the norm.

Recommendation

196. **The Panel recommends that the above approach to improving interaction with the market be supported and that, in view of the fact that market conditions can change quickly, this area be kept under regular review.**

4.7.5 Buying and operating the Council's own vehicles

197. The Panel has considered the results of an analysis of the option of buying and operating the Council's own vehicles. A copy of the results of the analysis is attached as Appendix D4. The results show that a small number of authorities use their own vehicles for local bus service work.⁽¹⁶⁾ The authority which has taken this approach the furthest was unable to supply any comparative cost information. More use their own buses for school transport, though an analysis for the recent home to school transport review showed typical costs were well above the current market price here.⁽¹⁷⁾
198. The Panel are of the view that if a prima facie case for own-account operation could be established, a much more detailed investigation would be required. The Panel does not believe there is a prima facie case for this at present, because:-
- Initial evidence suggests the cost of own-account would be above the market rate;
 - A large market presence would be necessary to have an impact on the overall market price, rather than just the price for the contracts operated in-house;
 - Because own-account work is legally limited to the off-peak period, only a small proportion of the total market would be open to in-house operation
199. The Panel has considered the sub-option of following the example of some other councils and buying vehicles, to be placed with the contractor for the duration of the contract. This could encourage operators who would not be prepared to take the risk of buying a new vehicle, and might also help strengthen the market for particular types of services including those operated by small minibuses.

Recommendation

200. **That the case for in-house operation of vehicles has not been justified but that the situation be kept under regular review in case the market rate overtakes the in-house rate.**
201. **That the option of buying vehicles and placing these with the contractor be tested in more detail, by analysing experience from elsewhere and looking for a possible test case in the county. This work should be linked with other work in developing competition in the relatively new markets of taxi and small minibus operation of public transport services.**

4.7.6 Expanding voluntary sector transport provision

202. The Panel has considered the results of an analysis of the potential greater use of voluntary sector transport provision. A summary of the analysis is attached as Appendix D5. The main findings were:
- Voluntary sector operation of car and minibus services is established and growing, but mainly for people with mobility impairments.
 - There is only limited involvement of the voluntary sector in provision of transport for the general public. This may be partly to do with the greater willingness of volunteers to help those with disabilities.
 - Local voluntary organisations are interested in expanding their operations in this way but concerned about issues of legality.
 - Expansion of the voluntary sector in this way will only help control costs if the net cost is less than that of commercial operators. This is not guaranteed to be the case.

Conclusion

203. *The conclusion of the Panel through the analysis is that expansion of voluntary transport is unlikely to have a significant impact on overall cost but brings quality of service benefits and should be particularly encouraged in the context of rural transport. The recently established Rural Transport Partnerships should provide a context for this.*

Overall Conclusion/Recommendation on Controlling Prices

204. *The Authority has previously reviewed ways of improving the supply market for bus services and taken some steps. Experience from elsewhere and the Panel's own analysis suggest that there is no radical measure likely to be effective on its own. Nevertheless, the problem of rising prices is so severe that even small-scale initiatives must be taken.*

205. The improvement plan should therefore demonstrate how the authority will:
- Take a series of steps to improve our interaction with the market, as outlined in Section 4.7.4
 - Improve our numbers-based monitoring of market conditions and regularly review our approach to the market
 - Explore the option of buying vehicles to be placed with contract operators, and keep the possible operation of in-house vehicles under review
 - Communicate with and develop the supply market for taxis and small minibuses
 - Develop mechanisms for helping the expansion of voluntary-sector operation of public transport services

4.8. ANALYSIS OF OPTIONS ON POLICY FOR PROVIDING BUS PASSENGER INFORMATION

206. The Panel has noted that options for provision of bus passenger information must be analysed against the background of the Transport Act 2000 requirement for all authorities to produce a Bus Information Strategy for implementation in partnership with the bus companies.
207. Bus companies have over many years spent little on service information compared to other service industries. That is now beginning to change as the focus of the major bus groups changes from reducing costs to increasing patronage. Bus companies remain anxious to retain their own image in publicity but there are a number of examples, as with the area timetable booklets in Leicestershire, of joint investment.

4.8.1 Basic options

208. There are two possible basic options for policy on providing bus passenger information, as analysed below:

<i>Option</i>	<i>Advantages</i>	<i>Disadvantages</i>
Fund information only for contract local bus services	Promotes use of services and may minimise total net expenditure	None identified, provided expenditure is related to likely return
Fund information for the whole network	Promotes overall use and interchange so helps meet transportation objectives	Bus company has the benefit from extra travel generated

209. The choice is simplified by the provisions of the Transport Act 2000, which clearly imply that, though information should be provided in a co-ordinated way across the network:

- Local authorities should fund the provision of information for contract local bus services where they take the revenue risk
- Bus companies should fund all other information.

4.8.2 Analysis of options for information types

210. Surveys in autumn 2000 for BVPI103 on passenger information found that 69% of users were satisfied or very satisfied with the local provision of public transport information, but only 47% of non-users. In the survey of contract bus service customers, 59% were either satisfied or very satisfied. Consultation⁽¹⁰⁾ also shows customers expect to be able to access bus service information from a variety of sources. The favoured option should therefore contain a particular mix of measures. An analysis of the strengths and weaknesses of each type of source has been undertaken. The summarised conclusions for a preferred mix of measures are as follows:-

Measure	Comment
Bus stop displays	Valued by customers though difficult to maintain. Provide at all interchanges and other busy bus stops
Traveline telephone enquiry service	Required by government and a high priority for customers
Internet access to Traveline database	Ditto
Timetable leaflets	A main source for most customers; effectiveness increased by door-to-door distribution
Area timetable booklets	Valuable in urban areas where customers likely to use several different services routinely. Produce annually for main county towns and distribute door to door
Bus map guide for Central Leicestershire	Individual services mostly so frequent as not to require a timetable but a map helps network travel. Produce annually and distribute door to door
Real-time information	Potentially high reassurance value for customers. Continue to extend coverage following successful completion of trial route monitoring

211. Traveline and two area timetable booklets are already provided in partnership with the bus companies; within the Bus Information Strategy the other activities will have to be managed similarly, though each company is likely to continue to produce separate timetable leaflets and bus stop displays. Existing bus users are amongst those with lowest levels of access to the internet⁽¹¹⁾; nevertheless the rate of expansion of such access is such as to justify putting an increasing emphasis on this source of information.

4.8.3 What level of service is appropriate?

212. The level of spend in other authorities varies widely. Because of this, and the fundamental change brought about by the Transport Act requirement for a Bus Information Strategy, there is little guidance from elsewhere as to an appropriate level of activity.
213. In practice, the decision is likely to be influenced by:
- A view, hard to reach, as to the level of spend which is justified purely by the return in extra customers attracted to the service
 - The necessity to provide information generally commensurate with that used by the bus companies for their commercial services
 - The fact that spending on Traveline and internet information is dictated by national requirements
 - The fact that providing a low level of paper-based information would make it correspondingly more difficult to persuade bus operators to provide adequate information themselves through the bus information strategy.

Conclusion

214. *Improved bus passenger information is necessary to meet the demands of customers, the Council's own objectives and the requirements of the Transport Act 2000. The Council is required to produce a Bus Information Strategy to achieve this.*
215. *The Panel believe that the particular mix of measures set out in the table above would move a considerable way towards meeting customer expectations. Providing door-to-door distribution makes information more effective and represents a more ambitious approach than some authorities, for example Nottinghamshire, are setting out.⁽¹²⁾ The Panel noted that it is believed that it should be possible to persuade the bus companies to this position. It would then be for monitoring and later review to determine how far away this strategy remained, if at all, from meeting customer expectations.*
216. *In order to achieve the improvements the Council's spend would need to be somewhat more than the £60,000 a year currently spent on bus passenger information from various sources, perhaps up to £100,000.*

Recommendations

217. **That subject to further consultation:-**
- (1) A Bus Information Strategy be produced on the basis that information is produced in partnership, with the Council funding information for revenue-risk contract bus services but not for commercial bus services.**

- (2) That the proposed main elements of the strategy be telephone and internet services, roadside displays, timetable leaflets and booklets, a Central Leicestershire map guide, and continued development of the Star-trak real-time information system.
- (3) That the improvement plan should set out how this is to be carried forward through consultation to implementation over the year following approval of the plan.

4.8.4 Analysis of options for controlling the cost and quality of bus passenger information

218. The cost issues here are not large. Customer concerns on quality, however, are more significant, particularly with regard to the clarity of printed material and ensuring leaflets and displays are up to date. An analysis of the issues, separately available, produced the following conclusions.

Cost

219. The present practice of using external printing but in-house design for leaflets is justified, particularly now the bus services database allows direct production of timetable leaflets. However, printing needs to be subject to continued regular market testing. Similarly, the practice of using external specialist publishers for area timetable booklets is justified. Other authorities use generally the same approach.

Quality

220. Many of the quality issues can be tackled at source in the specification of the Bus Information Strategy, considered elsewhere, including the use of standard layouts for timetables. One particular concern is the updating and maintenance of roadside displays, which both the bus companies and the Council find difficult to achieve to the required standard. We believe that the more integrated approach achievable through the Bus Information Strategy should allow the letting of a joint contract for maintenance, possibly using a worker with a mobile printing facility linked to the timetables database so that replacement timetable displays can be produced and mounted on the spot.

Recommendations

221. **Controlling the cost of bus passenger information requires a continuation of the present 'good housekeeping' approach, with market testing where appropriate, rather than any radically different approach. The quality of information, both in presentation and timeliness, is however a matter of concern. In setting out proposals for taking forward the preparation and consultation for the Bus Information Strategy, the improvement plan demonstrate how appropriate quality controls can be built in.**

5. SUPPORT FOR RAIL SERVICES

5.1 CONTEXT

5.1.1 A picture of the service

222. There is no statutory duty to support rail services but the Council has a long history of doing so and the government expects local authorities to have a constructive relationship with the rail industry. Planning for local rail is driven by the policies of the Local Transport Plan. Our activities include:
- Maintaining land-use policies in the structure plan and elsewhere which help the development of the rail network
 - Direct subsidy for the Ivanhoe Line Stage 1 service between Leicester and Loughborough
 - Planning for further enhancements to the local rail network, including construction of three new stations
 - Planning the completion of the Ivanhoe Line from Leicester to Burton on Trent
 - Lobbying the DETR, the Strategic Rail Authority and appropriate others for the development of the rail network.
223. The Ivanhoe Line Stage 1 is run under an operating agreement with Central Trains. The County Council acts as client for this for itself and also for Leicester City Council.
224. About 18,000 passengers a day use train services in Leicester and Leicestershire, of whom 800 use the Ivanhoe Stage 1 service. The main stakeholders are present and potential rail users, the constituent companies in the rail industry, and the local authorities.
225. The Ivanhoe Stage 1 service costs approximately £360,000 a year to subsidise, of which the County Council's share is £210,000. There is no continuing funding allocated to other rail activities.

5.1.2 Current objectives

226. Objectives are set by the Local Transport Plan. The particular specific objective is to increase rail passenger journeys.

5.1.3 Current policies

227. Current policies support the activities outlined above as part of the overall objective. A central policy aim is to move train service frequencies on the main lines radiating from Leicester towards a target of four trains an hour each way on each line.

5.1.4 Current operational priorities

228. The immediate priorities are to:

- Drive forward plans for development through the re-franchising process
- Resolve the future of the Ivanhoe Stage 2 project
- Continue work to improve the financial performance of the Ivanhoe Stage 1 service
- Negotiate with the Strategic Rail Authority to take over the funding of the Ivanhoe Stage 1 service

5.1.5 Service development in recent years

229. Development work over the last few years includes:

- Developing and implementing a marketing plan for the Ivanhoe Stage 1 rail service
- Continued development of proposals for the Ivanhoe Stage 2 service and negotiation with government and other agencies
- Preparation of a 'Rail Passenger Partnership' bid for funding an increased service on the Leicester to Nuneaton line
- Active involvement in regional efforts to influence the future provision of rail services

5.1.6 Trends in expenditure and performance

230. Patronage on the Ivanhoe Stage 1 service has slowly increased, with a heavy concentration onto the peak hour trains. Service cost increases, which are pegged to a national formula, have led to an increase of approximately £15,000 a year for the County Council. A change in track and station access charges, initiated by the Rail Regulator, comes into effect in 2001/02 and will produce a significant one-off increase.

231. The support cost for the Ivanhoe service of 23 pence per passenger mile compares with a figure of 19.1 pence for Central Trains as a whole.⁽¹⁹⁾ Service reliability has been generally good, but customers still have concerns about issues such as the lack of evening and Sunday services, vandalism and inadequate use of the public address system.⁽²⁰⁾

5.2 ANALYSIS OF SERVICE POLICY

5.2.1 What do customers think of the policy?

232. Generally, consultation shows that there is support for the development of the local rail network and for the completion of the Ivanhoe Line in particular. The local view appears to confirm the one held widely. Elsewhere, that trains are a sustainable mode of travel, generally preferable to buses and to be exploited wherever possible.
233. Customers of the Ivanhoe Stage 1 service criticise
- The isolated position of Barrow station.
 - The general inaccessibility of stations to mobility-impaired passengers.
 - The lack of a full evening service. ⁽²⁰⁾

5.2.2 How do we compare with others?

234. Other shire counties typically:
- Lobby for improved services
 - Fund station improvements
 - Occasionally fund construction of new stations
 - Occasionally subsidise marginal extensions to services
 - Very rarely subsidise whole new services on the model of Ivanhoe stage 1

5.2.3 Analysis of policy on the direct subsidy of local rail services and Alternative Options

235. An issue at the start of the review was whether the Council could gain best value by directly subsidising local rail services. Results of benchmarking show that the Ivanhoe Stage 1 service is relatively cost-effective compared with other services, they also confirm that almost no other shire counties have followed this route of direct subsidy for a full service.

What options are available and which is preferred?

236. The key question is whether the Council secures best value by direct subsidy of rail services. The Panel has considered the results of an analysis (attached as Appendix D7) of the Ivanhoe Stage 1 rail service between Leicester and Loughborough and comparing it with the alternatives of providing the same links by bus or of not intervening at all. The conclusions of the analysis are:
- With current loadings, the net output of exhaust pollution from all transport on the corridor would be reduced if the service was withdrawn. A patronage increase of around a third would be

necessary before the service started to bring benefits by reducing net pollution

- An equivalent bus service along the corridor could be provided far more cheaply; indeed, all the communities served by the trains are already served by commercially run bus services of higher frequency.
- Rail services have the potential to bring economic development benefits which may not be achievable with bus services, though none are apparent in this case.
- Rail services also expand the total transport capacity of the Central Leicestershire conurbation.
- These findings do not necessarily apply to other local rail services

237. On the basis of this analysis, the most constructive short-term option for the Council is to persuade the Strategic Rail Authority to take over the funding responsibility for it.

238. The analysis further assesses options for taking forward the Ivanhoe Stage 2 scheme, the only other scheme where it would be likely that a significant subsidy contribution would be necessary. On the basis of extensive investigation detailed elsewhere, the conclusion is that this scheme should only be considered further if private sector funding could be used to make it much cheaper to subsidise.

Conclusion and Recommendation

239. *The analysis of this issue has shown that direct subsidy of rail services is generally not a cost-effective activity for the Council in present circumstances. The future of the proposal for the Ivanhoe Stage 2 rail service is for consideration elsewhere.*

240. **The Panel recommends that steps be taken to ensure that support for the Ivanhoe Stage 1 rail service is passed to the Strategic Rail Authority.**

5.2.4 Analysis of alternative options for supporting rail service development

241. A preceding paragraph highlights the Council's approach to supporting rail service development. The Panel has analysed alternative options for this. The analysis attached as Appendix D8 leads to the conclusions that:-

- Continued lobbying for improved services is justified
- Construction of a small number of new stations is probably justified, subject to detailed examination of the case for each one
- Contributions to joint projects to improve interchange with buses and other modes of transport at stations may be justified in specific circumstances

- There is no case for other contributions to station infrastructure, but that the Council should actively lobby for such improvements.

Conclusions and Recommendations

242. The analysis of ways of supporting rail services other than by whole-service subsidy largely confirms present practice.

The Panel recommends:-

- that work continue with the SRA/Railtrack and train operating companies to introduce possible new stations as circumstances permit;
- that a review of rail station interchange be completed and justifiable proposals for improvement taken forward;
- that lobbying for improved services and station improvements be continued.

5.3 ANALYSIS OF RAIL SERVICE QUALITY

5.3.1 What do customers think of service quality?

243. Customers of the Ivanhoe Stage 1 service

- Believe it is generally reliable
- Believe on-train customer care standards are good
- Perceive service quality to be generally good.

5.3.2 How does quality compare with others?

244. The Panel has considered an analysis of the quality of the Ivanhoe rail service and if it could be improved (attached as Appendix D9). Appendix D9 gives comparative performance statistics which show that: the reliability and punctuality of the Ivanhoe Stage 1 service is better than the average for Central Trains generally and for the Robin Hood line in Nottinghamshire.

Conclusion and Recommendation on Service Quality

245. Analysis of this issue in Appendix D9 concludes that only minor initiatives in respect of particular trains and the public address system are justified.

246. **The Panel recommends that:-**

- Existing monitoring of quality for the Ivanhoe Stage 1 Rail Service be enhanced to provide more continuous feedback;
- Specific action be taken with regard to unreliability of one train and the problem of station announcements, both on the Ivanhoe Stage 1 Rail Service.

5.4. ANALYSIS OF SERVICE COMPETITIVENESS AND ALTERNATIVE SUPPLY

247. The Panel has considered the results of an analysis of the existing competitiveness of the Ivanhoe Stage 1 service together with options for improving existing cost competitiveness. Details of the analysis are set out in Appendix D10. The conclusions of the analysis are that:-
- The cost per train mile is lower on the Ivanhoe line than for other services.
 - The subsidy per passenger trip is broadly the same because the patronage of the Ivanhoe service is relatively less.
 - Therefore the support costs for the Ivanhoe Stage 1 service are competitive with those for similar services elsewhere
 - The cost competitiveness of the Ivanhoe service is largely determined by the national regulatory framework and is largely outside the Council's control.
 - More can and should be done through service promotion to increase passenger revenue.
248. In terms of alternative suppliers the Panel has found that there is no effective market open to a local authority in supporting such a service. It is obliged to negotiate with the franchised train operator. Most costs beyond that operator's control are regulated nationally. There is therefore little the authority can do to influence the cost of the service. Fares revenue can be influenced through promotion of the service. Other pressures on staff time have caused promotional effort to fall off in the last couple of years and efforts should be made to overcome this.

Conclusion and Recommendation

249. ***That it be noted that there is currently no means of gaining an alternative supplier for the Ivanhoe Stage 1 service and that cost competitiveness is largely determined by the national framework.***
250. ***That a new promotion plan for the service be drawn up and implemented with targets for increased patronage.***

6. SUPPORT FOR ACCESSIBLE TRANSPORT

6.1 CONTEXT

6.1.1. A picture of the Service

251. In pursuit of the objective of reducing social exclusion for those with mobility impairments the Public Transport Group provides support for 50 transport services for mobility impaired passengers. These services comprise of mainly voluntary sector car and minibus schemes but also Access and dial-a-ride services run by commercial companies. The service currently carries 250 passengers a day. The Public Transport Group also provides a comprehensive scheme of concessionary travel for elderly and disabled people. This provides help with the cost of travel for many frail elderly and disabled people.
252. The Social Services Department of the Council also provides transport for many mobility-impaired people as part of care packages. That Department also provides transport to social services facilities. The Education Department also provides transport to special schools and units (This latter provision is subject to a separate Best Value Review.).
253. The Public Transport Group also helps to increase the usefulness of accessible low-floor buses by working with the bus companies in Quality Bus Partnerships to encourage their introduction, and by providing matching high kerbs.
254. The main stakeholders are users and potential users, carers, the voluntary sector scheme organisers, local bus service operators, disability groups, Leicester City Council and the district councils. Most customers are people whose mobility impairment makes it difficult or impossible for them to use conventional public transport. This includes frail elderly people, those with difficulty in walking, blind or partially sighted people, wheelchair users, and others.
255. The base budget for 2001/02 for the public transport element of provision is £195,000.

6.1.2 Current objectives

256. The service is guided by Local Transport Plan objectives, and particularly those which aim to:
- Improve social inclusion through the availability of public transport.
 - Continue to remove the barriers to free movement by disabled people.
 - Seek appropriate access for disabled people, including those without access to a car.

6.1.3 Current policies

257. There is no statutory requirement to provide this service and no defined minimum levels of service. As with other public transport services, however, there are clear indications from government that it expects local authorities to have strategies to help meet the access needs of mobility-impaired people. Current policies are to:
- Maximise the coverage and cost-effectiveness of the schemes we support, within a cash limited budget.
 - Support the use of low-floor buses in helping to meet the access needs of disabled people by encouraging their introduction and providing raised kerbs at bus stops
 - Work with the health authorities and social services to ensure that overall provision of accessible transport is co-ordinated to provide maximum benefit.

6.1.4 Current operational priorities

258. The main immediate priorities are to:
- Develop the Access service to improve usage
 - Develop partnership with health authorities over transport to health facilities
 - Complete introduction of new service evaluation system and contain growth in cost per vehicle kilometre

6.1.5 Service development in recent years

259. Recent service developments have included:
- A new operating agreement for the Central Leicestershire dial-a-ride using City Council social services vehicles to provide temporary replacement for an operation previously run by a commercial company
 - Development of best practice in the use of raised kerbs at bus stops to give level access for wheelchair users to low-floor buses
 - Testing a wider range of service providers in Central Leicestershire
 - Producing an information pack for accessible transport services in Leicestershire

6.1.6 Trends in expenditure and performance

260. Overall expenditure has been controlled within a cash-limited budget by rationing funding to schemes, although it has still been possible to provide a slowly growing total number of journeys. The unit cost of voluntary-sector schemes has increased modestly, generally in line with the agreed reimbursement rates for volunteer drivers. The current

support cost per passenger journey is £2.63 for those using social car schemes and £2.41 for those using accessible minibuses schemes.

6.2. ANALYSIS OF THE SERVICE

6.2.1. What do customers think of the service?

261. Customers and other stakeholders:

- Believe conventional bus services should be made more accessible⁽²⁾
- But equally believe this will not have much impact on the demand for specialised transport⁽²¹⁾
- Believe services are in the form they are for purely historical reasons⁽²²⁾
- Believe services generally need expanding to meet demand
- Are concerned that the health authorities are withdrawing as far as they can from non-emergency patient transport⁽²²⁾
- Have in the past expressed a strong desire for better accessible transport provision generally, but this has not been strongly reflected in the direct consultation on this review.

262. Amongst service users:

- There is a high level of satisfaction with voluntary sector services⁽²³⁾
- There is a generally high level of satisfaction with the Access and dial-a-ride services, though individual failures cause concern
- Disabled people welcome the new low-floor buses but continue to be put off by other aspects of bus travel⁽²⁴⁾
- Disabled people believe the customer care shown by taxi drivers is generally poor⁽²⁴⁾

6.2.2 How does service availability compare with that of other authorities?

263. Amongst other authorities:

- Most support a combination of dial-a-ride, minibuses and car schemes as in Leicestershire, relying heavily on voluntary sector involvement
- None that we can identify support 'Access' type services
- Spending varies widely, with many at about the same level as Leicestershire but an appreciable number spending £1m + a year.
- Many feel that they are unable to afford to provide an adequate service to mobility-impaired customers.

6.2.3 Issues relating to current policy on the accessible transport service

264. Through the initial phase of the review the panel identified a number of issues about the current accessible transport service including:-

- There is not countywide coverage at present and there is concern from customers and service providers over the apparently inequitable differences in service level in different parts of the county;
- Even where it is provided, the service is rationed and there is evidence of suppressed demand;
- The service is provided for people whose other options for transport are usually severely limited;
- In contrast to the provision of bus services, there is no necessary fall-off in cost-effectiveness at higher service levels: the service, being pre-booked, is only provided when it is needed;
- Though the evidence on cost-effectiveness elsewhere is not available, there are similar counties to Leicestershire supporting much greater levels of service than in Leicestershire;
- There is a close match between this service and Local Transport Plan objectives.
- There is a lack of clarity about the access needs currently prioritised;
- There is a lack of clarity as to which of the multiple ways of providing service best meet the needs of customers;
- There is some small overlap between the policy aims of Social Services and Planning and Transportation funding of this transport. This needs to be resolved by defining more precisely the boundary between funding by the two departments of the Council.

6.3. ANALYSIS OF ALTERNATIVE POLICY OPTIONS FOR ACCESSIBLE TRANSPORT

6.3.1. Restricting Access Needs

265. The Panel has considered an analysis of whether County funded accessible transport should be targeted to meet only specific access needs of mobility impaired people. A copy of the analysis is attached as Appendix D11. The analysis concluded that:

- In general it is wrong to be prescriptive about access for a group of people whose mobility is in any case seriously impaired;
- Transport to health facilities should only be funded on the basis of a clearly agreed understanding of the boundary between the health authorities' responsibilities for transport and the County Council's
- The range of other available schemes makes it inappropriate for us to support transport for work purposes.

6.3.2. Countywide Coverage

266. The Panel has also considered the current patchy coverage of schemes countywide and the effect this has on service equity. In particular the Panel has considered an analysis of ways of providing effective countywide coverage. A copy of the analysis is attached as Appendix D12. The analysis shows that:-
- Approximate estimates suggest that expanding to countywide coverage at broadly the same level of service would cost around an additional £80,000 a year (£245,000 compared with current funding of £165,000);
 - Increasing the supply to avoid the necessity to ration journeys, given indications from schemes that they could carry 50% more passengers if rationing were removed, would cost approximately an additional £110,000 a year (£355,000 compared with £245,000);
 - However achieving countywide coverage is not straightforward given issues of driver recruitment and the organisational scope of the various schemes;
 - The present policy uses a simple input measure in distributing funds pro rata to population. Funds could better be distributed between schemes using an output measure intended to equalise approximately the available trips per scheme user per year;
 - At present scheme users pay a mileage charge not only for the journey from their home to destination but also for the mileage the volunteer travels to or from his or her own home. If the user lives a long way from the nearest volunteer, the journey cost can increase greatly as a consequence. Abolishing this rule could increase the net cost of schemes but would make geographical coverage less tied to where volunteer drivers live.

Conclusion

267. *On the basis of the factors set out above the Panel believe there is a strong case for expanding service provision to provide effective countywide coverage without severe rationing. On the basis of the analysis in Appendix D12 this could require present expenditure of around £165,000 a year to be increased to around £355,000 a year.*

6.3.3. Funding Overlap

268. The Panel has found that there is a small overlap between the Social Services Department and the Public Transport Section in the general purpose funding of voluntary sector transport schemes. Whilst the overlap is not great, addressing it will ensure that funds are targeted to best effect and could help make the coverage of accessible transport schemes more effective.

Conclusion/Recommendation

269. *This important service has grown in a somewhat haphazard fashion and needs both a change of policy and increased spending if it is to meet Council objectives and the wishes of customers.*

The Panel recommends that:-

- **The service, in partnership with mainly voluntary sector providers, be expanded to give effective countywide coverage over perhaps a three year period, incorporating new policies on the allocation of resources;**
- **The current overlap in funding between Social Services and Planning and Transportation Departments be resolved so as to gain the maximum benefit from Council funding overall;**
- **The current discussions with the health authorities be taken forward to a conclusion which clearly resolves the boundary of responsibility for funding transport to health facilities;**
- **The currently enhanced funding through the Local Transport Plan process be used to produce accelerated introduction of raised kerbs, to make low-floor buses of more value to wheelchair users and others**

6.4. Service Quality

270. The service receives substantial informal feedback on the Access and dial-a-ride services and conducts periodic on-vehicle surveys. These services are subject to the same quality regime as is applied to local bus services. We carry out no routine monitoring of voluntary sector services but do respond to customer comments by following up issues with scheme organisers.
271. Other authorities follow a generally similar approach to quality as the County Council and share the view that the quality of voluntary sector transport is high. No authority to our knowledge has yet developed a numbers based comparative measure of quality for accessible transport.
272. Consultation showed general satisfaction with the quality of accessible transport services, though with some specific concerns. Service user views on the service are set out above.
273. The Panel has considered options for improving quality of services and concluded that:-
- After discussions with voluntary sector service providers, that the introduction of a comment card system will help elicit more feedback without users feeling constrained about criticising service providers.

- Problems with service quality on conventional bus services have been discussed at length with the bus companies and we are already pursuing them. We intend to continue this work through our normal contacts with the companies.
- Taxis, which should be a major resource for disabled people, have their usefulness reduced because of their cost and the service quality. Cost issues are considered below. To improve service quality, we intend developing more formal working relationships with the district councils, the taxi licensing authorities, to try to bring about an improvement.

Conclusion/Recommendation

274. *A number of recommendations above and below are intended to further enhance the quality of services.*
275. **That initiatives be taken to make it easier for customers to comment on voluntary sector services.**

6.5. PROVISION OF ACCESSIBLE TRANSPORT - ALTERNATIVES AND OPTIONS ANALYSIS, INCLUDING COMPETITIVENESS

276. The service has developed measures of support cost per passenger journey for different types of accessible transport provision (see Appendix D13). However the service has not yet found another authority with comparable information to benchmark against. Whilst comparison evidence with other authorities is weak the strong emphasis on negotiated voluntary sector provision suggest that the cost-effectiveness of provision should not, prima facie, be a major issue.
277. However other authorities have taken a number of initiatives to produce more cost-effective accessible transport solutions, including:
- Using vehicles owned for social services or special education transport to provide services also for other mobility-impaired people;
 - Operating integrated social car schemes to meet general purpose and health authority-funded access needs.
278. The Panel has considered an analysis of the current and alternative options for the provision of accessible transport services including considerations of competitiveness. A copy of the analysis is attached as Appendix D13. In delivering the services, at present:-
- The Access and dial-a-ride services are let by open tender although dial-a-ride bookings are taken by a member of staff of the Council;
 - Voluntary sector services are supported on a negotiated basis, with full disclosure of accounts.

279. The analysis concludes that:

- voluntary sector-based transport services should be supported as first choice, though the use of spare time in social services or special education transport vehicles is a potential alternative which should be tested.
- The current City Council review of Access and dial-a-ride services in Leicester may produce a cost-effective solution for the county for the Central Leicestershire area.
- The continued introduction of low-floor buses should be supported, through providing raised kerbs at bus stops and undertaking joint investment projects through Quality Bus Partnerships.
- The Council should work with the district councils to try to make taxis and private hire cars more useful to disabled people through driver training, ensuring a suitable fleet of vehicles and increasing the provision of travel concessions.
- There is some scope for integrating supply with some health authority transport and with some social services transport. Investigation of this is already under way and should be carried through to a conclusion.
- Taking bookings for accessible transport schemes is relatively expensive. There could be scope for savings by integrating the bookings service for more than one scheme.

Recommendations

- **That the potential integration of service supply with health authorities and social services should be explored further.**
- **That the current City Council review of the Access and Dial-a-ride services be used, if appropriate, to help influence the type of future service provision in Central Leicestershire.**
- **That the service option of using spare time/capacity in Special Education and Social Services minibuses be properly tested.**
- **That partnerships with district councils be progressed, to try to improve the usefulness of taxis and private hire cars for mobility-impaired customers, particularly in respect of obtaining a mixed fleet of vehicles and improving drivers' customer care skills.**
- **That the possibility of offering a more generous travel concession, for disabled people to use when travelling by taxi, be fully investigated.**
- **That a more cost-effective booking system for voluntary sector schemes be investigated, possibly resulting in a more centralised system.**

7. SERVICE MANAGEMENT AND ADMINISTRATION

7.1. CONTEXT

280. The service is managed in-house by a group of 30 staff which also manages concessionary travel and mainstream home to school transport for the County Council. The Public Transport Group is situated within the Planning and Transportation Department and is split into five teams covering respectively:
- Local bus services
 - Community and accessible transport and quality bus partnerships
 - Inspection and enforcement
 - Concessionary travel
 - Home to school transport
281. The group's cost centre base budget for 2001/02 is £625,300: this excludes indirect staff costs and external overheads.
282. The group is managed in a way intended to ensure that teams can be properly integrated, with frequent formal and informal exchanges of information and a group management team with a strong focus on integration issues. Staff development is supported through a twice-yearly personal development review process, linked to a group training plan.
283. We use I.T. databases for all timetables, for financial monitoring of contracts and for recording bus routes. A current concern is that the weakness of some of these databases, and the lack of integration between them, contributes to a general difficulty in the supply of timely and appropriate management information.
284. The group buys in the great majority of the service from external suppliers. For the services the subject of this review, the main activities carried out in-house are:
- Design, award and management of contracts for local bus services
 - Inspection and enforcement activities for contracts
 - Partnership work inside QBPs
 - Negotiating service level agreements with voluntary sector organisations for the provision of accessible transport services, thereafter maintaining a monitoring and service development role
 - Design and layout of bus service leaflet timetables for contract services
 - Taking bookings for the Central Leicestershire dial-a-ride service and planning day by day route schedules and pick-up times

285. Recent developments in service administration include:

- Establishing a separate team for inspection and enforcement, with a newly recruited mechanical inspector, to put a stronger focus on this activity
- Developing a new approach to the management of key local bus service contracts, designed to replicate more closely a commercial approach to bus service management
- Establishment of two Rural Transport Partnerships, in partnership with district councils and others, with funding from the Countryside Agency. These will allow extra staff resources to be released for the labour-intensive activity of developing small-scale rural transport services in consultation with local communities.
- Reallocation of staff time to produce a more effective delivery of the infrastructure programme and the work of the Quality Bus Partnerships
- Appointment of an external consultant to provide project management services for the major Rural Bus Challenge project

7.2. SERVICE QUALITY

7.2.1 What do customers think?

286. There is relatively little direct interface with customers in the provision of the services, since most are provided by hired-in contractors. Consultation therefore gives relatively little information, although the comments recorded elsewhere on the quality of the services themselves must reflect also upon the quality of service administration.

7.3 ANALYSIS OF COST-COMPETITIVENESS

7.3.1. How do we compare with others?

287. It has not been possible to produce clear benchmarking evidence about the cost of administering the service compared to costs in other authorities. A comparison of staff numbers shows little disparity with other authorities in the region. For the services covered by this review, administration cost is approximately 9% of the total budgets managed (£300,000 a year against budgets for local bus services, local rail and accessible transport, including City expenditure and rural bus grant, of approximately £2,900,000). At this ratio, it may be that spending relatively more on administration is beneficial if it results in more effective buying-in of services from the market.

288. Benchmarking⁽⁶⁾ shows that most authorities, like Leicestershire, use the same staff to manage mainstream home to school transport, local bus services and the other services covered by this review. Some also have unified management for special education transport and social services transport. A small but growing number of authorities have externalised the service.

7.3.2. Analysis of options for improving the competitiveness of service administration

289. The Review Panel has considered the following main options for improving the competitiveness of service administration:
- Externalise the service
 - Integrate it more fully with other Council transport services, or
 - Improve existing administration
290. A further but subsidiary option considered by the Panel is the effect of the present trading agreement with Leicester City Council and whether this should be continued.

Externalisation

291. The Review Panel has considered information on how externalisation has been approached in other authorities. However the Panel has not, at this stage, approached the market or carried out any comprehensive market mapping exercise. The examination of externalisation by other authorities is attached as Appendix D14 and has led to the main findings that:
- Only around 3% of other authorities have currently externalised the service; where they have done so it has been as part of a larger externalisation of transportation staff;
 - None of the externalised authorities have been able to supply comparable cost figures;
 - There is no available evidence of cost savings achieved or extra costs resulting from externalisation
 - There is concern that there could be considerable cost attached to maintaining an 'intelligent client' in-house.
 - Given the relatively low cost of administration compared to service expenditure, the scope for cost savings is unlikely to be great.

Conclusion

292. *Given the limited information available to the Panel the scope for externalisation should be considered again following any approach to the market being carried out as part of the current Highway Services Best Value review. If externalisation is to take place, it would be unwise to have it happen at the same time as major changes in policy, as proposed elsewhere in this review, were being carried out.*

Integrated transport procurement

293. The Panel has examined the issues relating to integrating transport procurement across the Council (Appendix D15) and found:
- There is already considerable sharing of expertise between the main transport providers in the authority; this could be developed further.
 - The other main passenger transport procurers, special needs education transport and social services transport, operate substantial in-house vehicle fleets, requiring to some extent different disciplines to those used in purchase from the market.
 - Despite this, the other Council departments also buy from the market and the prima facie argument for considering further integration is strong.
 - A separate review of SEN Transport is currently underway and a Best Value assessment to look at transport provision across the Council has been programmed for 2004/05.

Conclusion

294. *The Review Panel believes there is a prima facie case for greater integration of transport procurement and provision across the authority and that work on this issue should be brought forward if possible.*

Improving existing administration

295. To make existing administration cost-effective we already:
- Structure in teams to concentrate expertise, whilst ensuring effective cross-team working
 - Give specific responsibilities: each contract manager, for example, is fully responsible for a portfolio of local bus service contracts
 - Use a personal development system designed to improve the effectiveness of all staff
 - Ensure relationships with our contractors are managed to maximise partnership working without jeopardising the contractor/client relationship
296. An analysis of strengths and weaknesses, based on the results of benchmarking and consultation, concluded that there is a weakness in management information. In particular the service needs to improve:-
- Gaining information on its customers and how they use services;
 - Tracking performance through time, whether this is a contract bus service, a voluntary transport scheme or a quality bus partnership project;

- Financial monitoring, particularly making it less labour-intensive;
- I.T.

Conclusion/Recommendation

297. **That action be taken to improve service administration in the areas set out above.**

Analysis of the trading agreement with Leicester City Council

Background

298. Under trading agreements put in place on local government reorganisation in 1997, the Council supplies all the services covered by this review, as well as concessionary travel and home to school transport, on behalf of Leicester City Council.

Analysis of options

299. The Review Panel has considered options to continue the agreements, renegotiate them or terminate them. An analysis of the issues, assisted by a discussion with the appropriate client officers at Leicester City Council, led to the following conclusions:

- The City Council do not believe they could run these services so cheaply using their own staff (because of specialist expertise at County and economies of scale from a single tendering outlet).
- County Officers agree with that view and believe that economies, though difficult to quantify, also accrue to the County Council.
- Unified planning of bus services across the county/city boundary also makes for more cost-effective provision (though this could be achieved, if not so easily, with separate management as has long been done at the boundaries between Leicestershire and other counties)
- Income from the trading agreements leaves the County Council marginally better off than if they were not in place
- There have so far been no significant problems in the management of the trading agreements

300. One identified concern is that the City Council is moving from a period of retrenchment into one in which they are able to be more ambitious in their plans for public transport development. This demands an increasing input from County staff through the trading agreements, but the 'lump sum' nature of the agreements allows only for a fixed time input. Marginal increases in that time would mean a corresponding reduction in time available for work on County services. This problem needs to be resolved, perhaps by some renegotiation of the terms of the agreements. Discussions are ongoing on this issue.

Conclusion

301. *The continuation of the trading agreements with Leicester City Council is justified. That discussions take place to resolve the tensions inherent in County staff reacting to increased calls on their time from the City Council.*

Recommendations

- ***That the scope for externalisation of public transport management/ administration be considered again following any approach to the market being carried out as part of the current Best Value Review of Highway Services.***
- ***That there is a prima facie case for greater integration of transport procurement/provision across the authority and that work on this issue be brought forward if possible.***
- ***Performance in monitoring and target setting be improved, using improved management information systems including the development of comparative benchmark information.***
- ***The trading agreements with Leicester City Council be continued subject to further discussions to resolve the issue of increased calls on County Council staff time.***

SECTION 8 - RECOMMENDATIONS FOR THE IMPROVEMENT PLAN

302. This section brings together the various recommendations for the improvement plan which are set out throughout sections 4-7 of the report. A final recommendation (8.13) picks up a concern noted in Appendix F about the problems of performance benchmarking.

8.1 Bus service support policy

303. Analysis has shown the necessity to update policy on bus service support, to meet customer expectations and changed circumstances. The assessment of options has led to the proposal that the development of an enhanced network of hourly bus services will provide the best means of meeting access needs and helping to provide an attractive alternative to the car. This needs to be linked with complimentary investment in infrastructure and information and with steps to drive up further the quality of operation. In this way, a step-change in the scope and quality of the county bus service network can be delivered, with consequent benefits for the delivery of Local Transport Plan objectives. A key part of this will be an expansion of the present approach to providing community-centred transport for the most rural areas, resulting in services which are much more precisely tuned to the expressed needs of customers. New performance indicators will help the management of the new services and ensure that there can be a proper match with available funding.
304. We recommend that the improvement plan takes forward these proposals in a phased introduction plan. Changing large parts of the network, with the associated comprehensive local consultation, will take a considerable time. However, we believe it should be possible to have achieved the target of 95% of Leicestershire people having an hourly daytime bus service within a 10 minute walk of home, and other subsidiary targets for other types of service, within two years of approval of the improvement plan.

8.2 Influencing the quality and scope of commercially-run bus services

305. The Council's ability to influence the scope and quality of commercially-run bus services is likely to remain limited. Nevertheless, there are cost-effective steps that can be taken and the importance of this issue to customers justifies sustained effort.
306. Improvements to the operation of Quality Bus Partnerships are already in hand and should be confirmed in the improvement plan. Alongside developing technical measures there should be:

- A clear formal agreement between the partners for every QBP initiative, covering inputs and target outcomes
 - A much-improved monitoring system so that a far more sound assessment of the impact of specific initiatives can be made. Only after this is in place will it be possible to reach a more soundly-based judgement as to the future level of investment in QBPs.
307. Elsewhere, the improvement plan should confirm the development of partnership working through such schemes as the Rural Bus Challenge project and the development of improved bus terminals and interchanges. The plan needs to set out how ways of improving the Council's role in helping to provide feedback to bus companies on customer views of their services will be considered.

8.3 Policy for supplying bus passenger information

308. Improved bus passenger information is necessary to meet the demands of customers, the Council's own objectives and the requirements of the Transport Act 2000. The Council is required to produce a Bus Information Strategy and the improvement plan should set out how this is to be carried forward through consultation to implementation over the year following approval of the plan.
309. The Strategy should be set out on the basis that information is produced in partnership, with the Council funding information for revenue-risk contract bus services but not for commercial bus services. The proposed main elements of the strategy will be telephone and internet services, roadside displays, timetable leaflets and booklets, a Central Leicestershire map guide, and continued development of the Star-trak real-time information system.

8.4 Improving the competitiveness of contract local bus services

310. We have previously reviewed ways of improving the supply market for bus services and taken some steps. Experience from elsewhere and our own analysis suggest that there is no radical measure likely to be effective on its own. Nevertheless, the problem of rising prices is so severe that even small-scale initiatives must be taken. The improvement plan should therefore demonstrate how we will:
- Take a series of steps to improve our interaction with the market
 - Improve our numbers-based monitoring of market conditions and regularly review our approach to the market
 - Explore the option of buying vehicles to be placed with contract operators, and keep the possible operation of in-house vehicles under review
 - Communicate with and develop the supply market for taxis and small minibuses
 - Develop mechanisms for helping the expansion of voluntary-sector operation of public transport services

8.5 Improving the quality of contract local bus services

311. We have recently increased our efforts on inspection and enforcement and on specifying more tightly the quality requirements for contracts. The improvement plan will need to build on this work by demonstrating how we will:

- Produce a tighter definition of quality requirements at the service specification stage, pre-tender
- Take more rigorous steps before a contract is awarded to ensure that tenderers can meet the required quality standards, perhaps with the help of a 'two envelope' system of tendering
- Develop the newly-enhanced inspection and enforcement regime to focus increasingly on helping bus operators to drive up their own standards
- Produce more sophisticated ways of measuring customer satisfaction with quality so that we can better measure performance and determine targets

8.6 Improving the cost-effectiveness and quality of bus passenger information

312. Controlling the cost of bus passenger information requires a continuation of the present 'good housekeeping' approach, with market testing where appropriate, rather than any radically different approach. The quality of information, both in presentation and timeliness, is however a matter of concern. In setting out proposals for the Bus Information Strategy, the improvement plan will need to demonstrate how appropriate quality controls can be built in.

8.7 Direct subsidy for whole rail services

313. The analysis of this issue has shown that direct subsidy of rail services is generally not a cost-effective activity for the Council in present circumstances. The future of the proposal for the Ivanhoe Stage 2 rail service is for consideration elsewhere. The improvement plan should define the steps to be taken to ensure that support for the Ivanhoe Stage 1 rail service is passed to the Strategic Rail Authority.

8.8 Other ways of supporting the rail network

314. The analysis of ways of supporting rail services other than by whole-service subsidy largely confirms present practice. The improvement plan should demonstrate:

- How, in the present difficult circumstances affecting the rail industry, the proposals for new stations can be best advanced
- How, as required by this analysis and by Local Transport Plan policies, a review of rail station interchange can be completed and justifiable proposals for improvement taken forward

8.9 Improving the cost-effectiveness and quality of the Ivanhoe Stage 1 rail service

315. Most of the key factors which determine the cost and quality of the Ivanhoe Stage 1 service are outside the Council's control, and customer perceptions of quality are generally good. In the areas where influence can be brought to bear, the improvement plan should demonstrate how:

- A new promotion plan for the service will be drawn up and implemented, against targets for increased patronage
- The existing monitoring of quality will be enhanced to provide more continuous feedback

8.10 Policy for the support of accessible transport

316. This important service has grown in a somewhat haphazard fashion and needs both a change of policy and increased spending if it is to meet Council objectives and the wishes of customers. The improvement plan should demonstrate how:

- The service, in partnership with mainly voluntary sector providers, can be expanded to give effective countywide coverage over perhaps a three year period, incorporating new policies on the allocation of resources
- The current overlap in funding between Social Services and Planning and Transportation Departments can be resolved so as to gain the maximum benefit from Council funding overall
- The current discussions with the health authorities can be taken forward to a conclusion which clearly resolves the boundary of responsibility for funding transport to health facilities
- The current City Council review of the Access and Dial-a-ride services can be used, if appropriate, to help influence the type of future service provision in Central Leicestershire
- The service option of using spare time in Special Education and Social Services minibuses can be properly tested
- The currently enhanced funding through the Local Transport Plan process can be used to produce accelerated introduction of raised kerbs, to make low-floor buses of more value to wheelchair users and others
- Partnerships with district councils can be progressed, to try to improve the usefulness of taxis and private hire cars for mobility-

impaired customers, particularly in respect of obtaining a mixed fleet of vehicles and improving drivers' customer care skills

- The possibility of offering a more generous travel concession, for disabled people to use when travelling by taxi, can be fully investigated

8.11 Improving the cost-effectiveness and quality of accessible transport

317. Issues of cost-effectiveness and quality are not major in this part of the service. Nevertheless, there are initiatives which should be carried forward in the improvement plan. Some of these are detailed under the analysis of accessible transport service policy. In addition, the improvement plan should show how

- The potential integration of service supply with health authorities and social services can be explored further
- Producing a more cost-effective booking system for voluntary sector schemes can be investigated, possibly resulting in a more centralised system
- An initiative can be taken to make it easier for customers to comment on voluntary sector services

8.12 Improving the cost-effectiveness and quality of service administration

318. After reviewing the cost and quality of service administration we concluded that the option of externalising this group of staff should be considered again following the market analysis being carried out as part of the Highways Review. However, there is potential for improvement in a number of aspects of service administration and the improvement plan should set out how:

- The possibility of bringing forward the Best Value assessment of integrated transport purchasing in the authority is to be taken forward
- Performance in monitoring and target setting is to be improved, using improved management information systems
- The trading agreements with Leicester City Council can be refined so that they continue to offer value to the County Council.

8.13 Improving benchmarking

319. Despite work with other authorities in the region over a long period, and further work for this review, the number of performance benchmarking comparisons it has been possible to make has been very limited. The Improvement Plan needs to set out a process for ensuring that we continue to work on this deficiency, in co-operation with other authorities both regionally and nationally.

SPECIFIC RECOMMENDATIONS

New Bus Policy

1. That, subject to further consultation to test the acceptability of the approach, the proposals for a new bus support policy set out in the report be approved for inclusion in the improvement plan, to be introduced through a phased introduction approach. The improvement plan will need to include provision for detailed local consultation on individual services as part of the phased introduction programme.
2. That in order to ration limited funds a target be set for the percentage of Leicestershire people who are provided access through each service type then a vfm measure be used to buy in services to move as close as possible to that target.
3. That the value for money measure to be used as the main determinant in deciding on which service to provide be 'the population served per £ subsidy'. That the 'subsidy per passenger journey' criterion be used as the day to day management tool for monitoring the performance of contract services and taking action where necessary.
4. That a process of annual review be used to ensure that services are adjusted to meet changes in demand and in the commercial services network and to ensure that expenditure stays within available funding without ad hoc decision making.

Bus Service Quality

5. That the Council should continue work to improve the effectiveness of Quality Bus Partnerships through a variety of detailed measures, including a more innovative approach to bus priorities, more attention to bus terminals and interchange and clear formal agreements between the partners for every QBP initiative, covering inputs and target outcomes.
6. That an improved monitoring system be introduced so that a more sound assessment of the impact of specific initiatives can be made. Only after this is in place will it be possible to reach a more soundly-based judgement as to the future level of investment in QBPs.
7. That the Council further develop its general role in providing feedback to bus companies on customer views and investing in complimentary measures both within and without QBP areas.

8. That whilst the Council can hope to improve the scope and quality of commercially run bus services by these means, it be noted that the fundamental limitations, through the lack of any statutory powers, will remain.
9. That the improvement plan should confirm the development of partnership working through such schemes as the Rural Bus Challenge project and the development of improved bus terminals and interchanges. The plan should show how ways of improving the Council's role in helping to provide feedback to bus companies on customer views of their services will be considered.
10. That the following specific steps be taken to improve quality:
 - Lobby the Government to strengthen the work of the Traffic Commissioners;
 - For contract services, produce a tighter definition of quality requirements at the service specification stage, pre-tender;
 - Take more rigorous steps before a contract is awarded to ensure that tenderers can meet the required quality standards, perhaps with the help of a 'two envelope' system of tendering;
 - Develop the newly-enhanced inspection and enforcement regime to focus increasingly on helping bus operators to drive up their own standards; and
 - Produce more sophisticated ways of measuring customer satisfaction with quality so that the authority can better measure performance and determine targets.

Bus Supply

11. That the approach in Section 4.7.4 to improving interaction with the market be supported and that, in view of the fact that market conditions can change quickly, this area be kept under regular review.
12. That the case for in-house operation of vehicles has not been justified but that the situation be kept under regular review in case the market rate overtakes the in-house rate.
13. That the option of buying vehicles and placing these with the contractor be tested in more detail, by analysing experience from elsewhere and looking for a possible test case in the county. This work should be linked with other work in developing competition in the relatively new markets of taxi and small minibus operation of public transport services.

14. That the improvement plan demonstrate how the authority will:
- Take a series of steps to improve our interaction with the market, as outlined in Section 4.7.4.
 - Improve the numbers-based monitoring of market conditions and regularly review the approach to the market
 - Explore the option of buying vehicles to be placed with contract operators, and keep the possible operation of in-house vehicles under review
 - Communicate with and develop the supply market for taxis and small minibuses
 - Develop mechanisms for helping the expansion of voluntary-sector operation of public transport services

Bus Information

15. That subject to further consultation:-
- A Bus Information Strategy be produced on the basis that information is produced in partnership, with the Council funding information for revenue-risk contract bus services but not for commercial bus services.
 - That the proposed main elements of the strategy be telephone and internet services, roadside displays, timetable leaflets and booklets, a Central Leicestershire map guide, and continued development of the Star-trak real-time information system.
 - That the improvement plan should set out how this is to be carried forward through consultation to implementation over the year following approval of the plan.
16. That controlling the cost of bus passenger information requires a continuation of the present 'good housekeeping' approach, with market testing where appropriate, rather than any radically different approach.
17. That in setting out proposals for taking forward the preparation and consultation for the Bus Information Strategy, the improvement plan demonstrate how appropriate quality controls can be built in.

Rail

18. That steps be taken to ensure that support for the Ivanhoe Stage 1 rail service is passed to the Strategic Rail Authority.
19. That work continue with the SRA/Railtrack and train operating companies to introduce possible new stations as circumstances permit.

20. That a review of rail station interchange be completed and justifiable proposals for improvement taken forward.
21. That lobbying for improved services and station improvements be continued.
22. That existing monitoring of quality for the Ivanhoe Stage 1 Rail Service be enhanced to provide more continuous feedback.
23. That specific action be taken with regard to unreliability of one train and the problem of station announcements both on the Ivanhoe Stage 1 Rail Service;
24. That it be noted that there is currently no means of gaining an alternative supplier for the Ivanhoe Stage 1 service and that cost competitiveness is largely determined by the national framework.
25. That a new promotion plan for the service be drawn up and implemented with targets for increased patronage.

Accessible Transport

26. That the service, in partnership with mainly voluntary sector providers, be expanded to give effective countywide coverage, over perhaps a three year period, incorporating new policies on the allocation of resources.
27. That the current overlap in funding between Social Services and Planning and Transportation Departments be resolved so as to gain the maximum benefit from Council funding overall.
28. That the current discussions with the health authorities be taken forward to a conclusion which clearly resolves the boundary of responsibility for funding transport to health facilities.
29. That the currently enhanced funding through the Local Transport Plan process be used to produce accelerated introduction of raised kerbs, to make low-floor buses of more value to wheelchair users and others.
30. That initiatives be taken to make it easier for customers to comment on voluntary sector services.
31. That the potential integration of service supply with health authorities and social services should be explored further.
32. That the current City Council review of the Access and Dial-a-ride services be used, if appropriate, to help influence the type of future service provision in Central Leicestershire.

33. That the service option of using spare time in Special Education and Social Services minibuses be properly tested.
34. That partnerships with district councils be progressed, to try to improve the usefulness of taxis and private hire cars for mobility-impaired customers, particularly in respect of obtaining a mixed fleet of vehicles and improving drivers' customer care skills.
35. That the possibility of offering a more generous travel concession, for disabled people to use when travelling by taxi, be fully investigated.
36. That a more cost-effective booking system for voluntary sector schemes be investigated, possibly resulting in a more centralised system.

Service Management Administration

37. That action be taken to improve service administration in the areas set out in Section 7 3.2. above.
38. That the scope for externalisation of public transport management/ administration be considered again following any approach to the market being carried out as part of the current Best Value Review of Highway Services.
39. That there is a prima facie case for greater integration of transport procurement/provision across the authority and that work on this issue be brought forward if possible.
40. That performance in monitoring and target setting be improved, using improved management information systems, including the development of comparative benchmarking information.
41. That the trading agreements with Leicester City Council be continued subject to further discussions to resolve the issue of increased calls on County Council staff time.

Appendix A – Terms of reference
Appendix B – Position Audit
Appendix C – Project Plan

These appendices are separately bound.

Appendices D1 to D15 – Supporting analysis

D1: Appraisal of options for bus service support policy

320. The Council wishes to maximise its effectiveness in providing bus services to meet the key objectives of:

- Meeting access needs for people who do not have a car available and
- Providing an attractive alternative to the car.

D1.1 Which service types will best help meet corporate objectives?

321. The following paragraphs test different types of service against the two main objectives.

D1.1.1 'Meeting access needs' objective

322. Those requiring access by public transport are spread widely through the community, comprising a variety of people who have no car in the household or who have no car available because another household member has the priority use of it. Indicators of deprivation will show some concentration of need, typically in urban areas where the level of commercially run bus services is relatively high. Overall, however, it can be assumed that those requiring bus access are spread throughout the county.

323. Access to employment

<i>Option</i>	<i>Advantages</i>	<i>Disadvantages</i>
Provide one peak hour journey a day to nearest main centre, Monday to Friday	Serves most communities at least cost	Scarcely credible given wide spread of work start and finish times
Provide hourly service ditto	Allows for range of work times including part-timers	Still limits work locations and relatively expensive to supply
Ditto, but serving two or more employment centres	Increases range of accessible jobs	Likely to be even more expensive.

324. The second option is favoured as providing the best compromise between effectiveness and cost. Effective interchange with other services will increase the range of potential work destinations. The increasing flexibility of working hours means that evening and Sunday services also have a role in providing access to work.

325. Access to other services (shopping, personal business etc)

<i>Option</i>	<i>Advantages</i>	<i>Disadvantages</i>
One bus each way to nearest main centre on one day a week	Meets basic access need at lowest cost	Highly restrictive
Ditto but with choice of more days per week or more journeys per day	Gives more flexibility	Still restrictive for many purposes
Ditto but providing an hourly service through the day	Gives flexibility of both day of the week and stay time	More expensive than alternatives

The third option meets the access need best and experience shows it will be cost-effective in many circumstances. Where an hourly service cannot be justified, there is a strong argument for using a non-prescriptive approach, where close working with the community will reveal the specific priorities for access, and transport within funding limits will be provided appropriately.

326. Access to health facilities

<i>Option</i>	<i>Advantages</i>	<i>Disadvantages</i>
Daily service to nearest GP's surgery	Provides basic access at lowest cost	Barely credible given range of appointment times and choice of GPs
Daily service to nearest district hospital	Ditto	Ditto given specific times and locations of clinics
Hourly service to nearest main centre with a district hospital	Gives improved flexibility for appointment times	More expensive, and still inconvenient for many
Community-based transport schemes for individuals	Meets individual needs cost-effectively	Hard to organise and usually depend on volunteers

327. The first two options do not give credible access. The third option is favoured, particularly if it offers access to other hospitals and clinics through good interchange with other services. The fourth option, already tested in Leicestershire, should be used where possible.

328. Access to education. This is not mainstream education: parents are required to provide transport where the law does not require the Council to supply it (although there is a case for funding transport as an alternative to car use). It is for optional learning, usually for adults.

<i>Option</i>	<i>Advantages</i>	<i>Disadvantages</i>
Provide a single daily service to nearest CFE or Community College offering a wide range of courses	Relatively cheap to provide basic access	Of little value since course times vary so widely for different subjects
Ditto for evening classes	Ditto	Ditto
Provide hourly daytime and/or evening services	Provides much more time flexibility	More expensive. May not give access to more than one site

329. Again, only hourly services provide credible access. Effective interchange with other services might increase the number of accessible colleges.

330. Access to leisure opportunities:

<i>Option</i>	<i>Advantages</i>	<i>Disadvantages</i>
Provide hourly evening service to nearest main centre offering range of leisure facilities	Offers some flexibility	Limited choice of destination and expensive to provide; experience shows difficult to attract users
Provide basic Sunday and bank holiday services to tourist attractions	Provides basic access	Experience shows difficult to attract users; expensive to provide
Extend or divert journeys on existing services to make them useful for leisure access	Marginal cost	But also often marginal usefulness

331. Providing successful public transport for leisure access is notoriously difficult. The prospects are best where evening and Sunday services have multiple purposes, a leisure destination, for example, being served by a diversion off a main route rather than by a special service.

Access needs objective – conclusion

332. To provide best access to defined activities for those without access to a car, the Council should ensure that as many people as possible have available:

A daytime hourly bus service to the preferred nearby main centre, usually a county town, Central Leicestershire, or a similar centre in an adjacent county (access to employment, other services, health, education and leisure)
An evening and Sunday hourly bus service to the nearest main centre (for access to education, leisure and work opportunities)
For rural communities not served by hourly services, a flexible service, possibly community-based, to meet the main access needs identified by the community, within funding limits

333. The choice of hourly frequency as the cut-off point implies drawing a balance between competing objectives. Below hourly, and the range of journey opportunities severely restricts access opportunities. Above hourly and the range of journey opportunities is widened but the cost of provision increases out of proportion to the increased flexibility of access that is offered.

D1.1.2 'Alternative to the car' objective

Bus service frequency

334. National research shows a motorist's decision on whether to use the bus for a particular journey is most influenced by:
- Reliability
 - Frequency
 - Easy to understand timetable and route
 - Vehicle and driver quality
335. Quality bus partnerships try to attract users to bus from cars by influencing all four of these factors. The issue here is whether the County Council should also invest directly to increase service frequencies, over and above the work of the QBP's in which it participates.
336. The higher the frequency, the more attractive the service is likely to be. It follows that the Council might achieve most in meeting this objective by funding a small number of high frequency services in congested urban areas. However, this is unlikely to be an available option because:
- Buying in a contract service to double the frequency of an existing commercial service would be likely to provoke an appeal from the incumbent operator to the Office of Fair Trading.
 - Using public subsidy to make good bus services better, when much of the County remains relatively poorly served, would be seen as inequitable.

337. The 'unfair competition' restriction does not apply where the service is already subsidised, so targeting an increase in the number of hourly bus services would be practical. Such services would not produce the same transfer from cars as higher frequency services, but they would produce some. The hourly frequency cut-off point appears to offer the best compromise between offering an attractive alternative to the car (the higher the frequency the better) and spreading access as far as possible (the lower the frequency the less the subsidy cost and hence the wider the coverage). They would also:
- Fit well with the target of increasing the availability of hourly bus services as a response to the access needs objective, described above
 - Fit well with the council's Rural Bus Challenge project, which will result in hourly frequency services on most inter-urban services in the county
 - Fit well with the government target to increase the proportion of rural households living within a 10 minute walk of a bus service which is hourly or better. The target is an increase of a third by 2010.
338. In practice, most services of hourly or better frequency are likely to be in towns, or on routes through the country between towns, or on suburban routes ending in Leicester. Elsewhere, passenger demand is likely to be too low to sustain such services within reasonable limits of value for money.
339. Under this policy the Council would only subsidise services of up to hourly frequency. Commercially run services would be maintained or improved to higher frequencies by:
- The marketing efforts of the bus companies
 - The work of the Quality Bus partnerships
 - Possible short-term funding from the Council to share the risk involved in putting extra resources into a service
340. The means of meeting the 'alternative to the car' objective would therefore be:
- By working through quality bus partnerships to improve service quality and frequency, particularly in urban areas
 - By expanding the network of hourly bus services throughout the county and ensuring they are integrated.

Bus services provided to reduce car journeys to school

341. The Council already provides free transport for approximately 17,000 children living more than 2 miles (primary) and 3 miles (secondary) from school, but many others are transported by car. This is a major contributor to peak hour traffic congestion, pollution and accidents.

342. The Council is already working with schools to put in place School Travel Plans, aimed at persuading more children to walk, cycle, use public transport or share cars to school. Existing Council subsidy policy also provides support for some 'school special' buses, and around 600 children pay fares to travel using spare seats on the buses hired in for free school transport. The question is whether a higher level of investment in school bus services might be an effective means of reducing the number of children taken to school by car and so help to improve sustainability.
343. Extra school buses are likely to be most effective when used as one of a package of measures (safe walking routes etc) to improve the sustainability of school transport. For this reason, with limited funds, the most effective policy might be to provide extra school buses in appropriate circumstances to schools actively involved in school travel plans. In practice, as now, the supply of these would be integrated with the supply of free home to school transport.
344. A suggested measure is: " The percentage of school children living over 1 mile away from their catchment school who have either free school transport or a public bus service available to them." Providing bus transport for short distance journeys would be unattractive and costly, hence the proposed minimum distance of one mile.

'Alternative to the car' objective - conclusion

345. To help achieve this objective the Council should:
- Invest in the network of hourly bus services rather than pursue the option of funding services of higher frequency
 - Continue work through Quality Bus Partnerships to drive up service standards and frequency on the commercial bus services network
 - Invest in home to school transport services for journey distances of generally between one and three miles where the school is an active partner.

D2 - Value for Money Measures in the New Policy

D2.1 How do we decide how best to spend limited funds?

346. It will never be possible to afford all the bus services people want. It is therefore necessary to find a way of rationing available funds. Benchmarking,⁽⁶⁾ coupled with evaluation of possibilities, has produced the main options set out and evaluated in the table below. 'vfm' stands for value for money.

Option	Advantages	Disadvantages
Define minimum service levels to different sizes of community; use vfm measure to buy in additional services above that level	Minimum levels of service easy to understand and a long-term guarantee. Use of vfm on its own can ensure maximum passengers per £	Experience shows minimum service levels must be either so low they are no guarantee or else likely to produce many nearly empty buses. Use of vfm on its own bears no relation to Council objectives
Analyse 'needs' by community and use vfm measure to decide which to provide service for	Services provided specifically for the community served; vfm ensures cost-effectiveness	Experience shows almost impossible to assess needs accurately; most surveys produce misleading results. Bears no necessary relation to Council objectives
Measure number of communities, or % of population, offered access to facilities; prioritise using vfm measure	Overall prioritisation relates to demand therefore services will be better used. Can match closely to Council objectives	Gives no guarantee of service level to any particular community – levels relate generally to demand
Use a vfm measure on its own	Simple to understand and maximises passengers per £	Bears no necessary relationship to Council objectives

347. In examining the second option, we considered whether indices of deprivation might be used to focus support where need is greatest. We concluded that available indicators would not provide an adequate proxy for need, particularly given that, in most parts of the county, social deprivation is concentrated into small areas.
348. The third option appears strongest in this evaluation. The options within it are either:
- Set a target for the number of communities which are provided access to particular facilities through the types of services defined

earlier. Then use the vfm measure to buy in services to move as close as possible to that target, or:

- b. Set a target for the percentage of Leicestershire people who are provided access through each service type, then use the vfm measure in the same way.

349. The former is easily distorted because of the different size of communities. The latter is therefore the favoured measure.

D2.2: Appraisal of options for a value for money measure

350. Benchmarking work for the review shows that a number of different value for money measures are available. These have been reduced to four key possible measures, analysed below.

Value for money measure	Arguments for	Arguments against
Fares revenue/cost ("% cost recovery")	Secures the most service per pound and easy to measure	Services ranking highest under this measure may not produce the greatest effect in meeting the target outcomes
Subsidy per passenger journey	Simple direct measure, required countywide as a government P.I., and gives simple comparison with different means of transport	As above. Also may produce some bias against longer distance rural journeys
Subsidy per passenger mile (the main present vfm measure)	Relatively simple and avoids bias against rural journeys	As for fares recovery. Also may produce some bias against short distance urban journeys. Difficult to calculate
% increase in people served to the access standard, per £ spent	Relates directly to the required output.	Only indirect relation to passenger use (Net provision cost reflects passenger revenue).

351. The fourth measure was used in the 'desk-top' testing of the favoured policy option (see D3). Prioritisation between services was carried out by favouring those which served most people per £ of subsidy. The measure appeared robust in building up a hypothetical new bus services network. We believe it could be equally robust in the annual review process described in D3.
352. A measure of 'population served per £ subsidy' is therefore proposed as the main determinant in deciding at the margin which service is provided and which not. Different levels will be needed for different service types.

353. However, a more direct value for money measure is needed to assist day-to-day management of the services. The other three options were tested to assess which would best fit this role. A sample of 22 existing bus service contracts was tested⁽²⁵⁾ against all three measures to illustrate their different effects. No clear picture emerged, except that there was a reasonably strong correlation between results for contract revenue to cost ratio and those for subsidy per passenger journey; the pence per passenger mile criterion fitted poorly with either.
354. The pence per passenger mile criterion was introduced twelve years ago, partly to ensure that rural services were not lost because all support was going to urban services. The new policy framework guards against that risk by other means. As this criterion fits poorly with the other possible measures it is proposed not to use it.
355. Of the other two, revenue to cost ratio is the more simple to produce but subsidy per passenger journey is felt to be better in exposing the true costs of supporting services and is widely used by other authorities, thus making comparison more easy. It is also particularly useful for making direct comparisons between the cost of supporting bus services as opposed to taxi or community transport services in any circumstances. On balance, it is proposed to use this measure as the day to day management tool for monitoring the performance of contract services and taking action where necessary.

D3: Testing new policies in practice

356. To be credible, the new support policies need to:

- Provide the best fit with corporate objectives and the wishes of customers (tested in D2 but recommended for further consultation)
- Cope with changes to services
- Ensure expenditure stays if necessary within a fixed budget
- Compliment other aspects of the public transport service
- Produce a network of bus services which has many 'winners' and few 'losers' compared with the present.

This appendix tests out these issues.

D3.1 How would these policies allow for changes to services?

357. *Commercial service withdrawals.* The steps would be:

- a. Assess the change: does it produce a gap in service which would reduce the % of people with access to hourly services?
- b. If yes, let a bus service contract; if not, do not.
- c. If letting a contract in these circumstances would produce a budget overspend, still let it but recoup the extra cost if necessary in the annual service review (see below).

358. *Varying contract performance.* An annual review of all services, carried out early each financial year, would make any necessary adjustments to ensure expenditure stayed within budget. If budgetary pressures required service cuts, the first to go would be those where the subsidy cost per person served was greatest. Any contract performing badly would be highlighted by this process and by the use of the support per passenger journey measure: action to improve its performance would then follow.

359. *Changing patterns of movement.* People's travel habits change. If there was substantial demand for a new hourly service to meet new travel patterns, it would be introduced experimentally. In the next annual review more than six months after the service start its performance would be reviewed. It would then be subject to the same value for money assessment as all other services.

360. For small communities off the hourly services network, services would be provided on the basis of local assessment of access priorities. Available funds would be spread between these communities and subsequent service changes could be made within those funding limits. In the annual review process the community transport services would be judged against the criterion of subsidy cost per passenger journey. If cuts were necessary to stay within budget, a judgement would need

to be made between cutting this type of service and cutting hourly or schools services.

D3.2 How would these policies ensure expenditure stayed within a fixed budget?

361. The spring annual review of services, mentioned above, would assess the changes of the last year and their impact on the budget. If a budget overspend was likely, options would be to:
- Adjust the budget to allow for this at the revised estimate stage, or
 - Withdraw the worst performing services to reduce expenditure commitments.
362. At present, expenditure is going up because contract prices are increasing and commercial services are still being withdrawn. In the absence of increased funding, annual reviews would have to take this into account, by cutting services sufficiently to accommodate anticipated increases in cost in the coming year. However, if the new network of hourly services is successful in producing increased patronage, the process will be held more in check.

D3.3 How would they compliment other aspects of public transport policy?

363. Subsidy policy cannot be considered alone. The table below sets out examples illustrating the importance of integrating with other policies

Existing work in developing community-based small-scale transport schemes in the more rural areas will be much increased in this approach, with its emphasis on close working with communities everywhere off the hourly services network. The recent establishment of two Rural Transport Partnerships will help both the funding and the execution of this work.
Quality bus partnerships will help meet the key objectives, and particularly that of providing an attractive alternative to the car, through linked investment which will also help to sustain and increase the network of commercially run services
Investment in bus passenger information helps secure greater use of services and helps spread funds further
Development of interchange and through ticketing will help make the main bus services network effective for through journeys and allow it to be integrated more effectively with rail services.
Development of the local rail network can contribute particularly to meeting the objective of providing an attractive alternative to the car.
Provision of accessible transport contributes to helping meet the access needs of people with mobility impairments
Provision of concessionary travel passes and tokens makes travel more affordable and so increases the effectiveness of the access opportunities provided

D4: Should we buy and operate our own vehicles?

364. A number of authorities have bought their own vehicles for home to school transport but benchmarking⁽⁶⁾ shows only 4 appear to have done so for local bus services. The authority which has taken this approach furthest is Kent, which operates 20 vehicles, from minibuses upwards in size, tendering in open competition with other operators. They were not able to supply comparable cost information.
365. Lack of comparable data makes cost comparison difficult. However, an exercise⁽¹⁷⁾ for the recent school transport review compared costs for home to school transport. Typical costs for in-house coaches were £175 to £200 a day; the market price in Leicestershire was then around £105 a day. Although in-house vehicles would be new, it was clear that the market price would have to increase significantly before in-house operation of school transport was worth exploring in more detail.
366. Legislation (the Public Passenger Vehicles Act 1981) prohibits the use of local authority in-house vehicles on local bus services except where the vehicle is owned primarily for the provision of home to school transport. This means that, though there would be scope for using such vehicles on rural shopping services and evening and Sunday services, they could not be used on the hourly daytime services which are proposed to be the core of the new network. Their impact on the total market, therefore, would be inevitably limited.
367. The present outlook for in-house operation therefore looks poor on both cost and effectiveness grounds, but if the market price continues to rise the situation could change. Also worthy of review is a separate initiative now being taken by a number of authorities, including Lincolnshire. In this, a vehicle is purchased and placed with an operator for a particular contract. This has two potential benefits:
- It might encourage operators to tender for contracts in circumstances where they would not be prepared to take the risk of buying a suitable vehicle
 - It might help to establish the market for operation with vehicles not readily available in the market, for example small but high quality minibuses
368. We propose taking this idea forward for exploration in specific circumstances in Leicestershire.

D5: Could we expand voluntary sector transport provision?

369. Voluntary sector providers operate many schemes for mobility-impaired customers, but very few for the general public. Benchmarking shows the picture is generally similar across the country, although there are some rural areas where voluntary car schemes for the general public have been successfully established. Legislation twenty years ago made legal the operation of community minibuses, but there are very few in operation nationally. This may be partly because such services cannot at present use paid drivers.
370. Local consultation shows voluntary sector schemes interested in expanding away from their traditional base of mobility-impaired passengers but concerned at the legality of doing so.⁽²²⁾ There are a number of constraints on any such expansion, including the organisational strength of the group and the relative difficulty of recruiting volunteers.
371. Cost savings from this source would stem from the extensive use of volunteers, but there must be a question as to how intensive a timetabled operation could be sustained without the use of at least some paid staff. Full cost comparisons are not available but typical dial-a-ride minibus services for mobility impaired passengers currently supported by the Council cost around £1.40 a mile. Commercially run minibuses on similar work, but without the same high overheads for taking bookings, cost of the order of £1.20 a mile.
372. Overall, therefore, the potential for voluntary sector schemes to expand in volume is limited, and the cost savings not necessarily great. The impact on the market is therefore likely to be insignificant, but voluntary sector operation does bring quality of service benefits which can be of particular value in rural transport operation.

D6: Analysis of options for improving the quality of contract local bus services

373. Benchmarking⁽⁶⁾ shows:

- We have not been able to find any authority which has a convincingly objective system of measuring quality. Distinguishing between the best and the worst operators is straightforward; distinguishing the 'quite good' from the 'good' tends to be a largely subjective judgement
- Most use an inspection and enforcement regime similar in principle to that used in Leicestershire
- Some accept a trade-off between price and quality, accepting higher tender prices from operators they believe will offer higher quality.

374. The analysis first identified the quality factors which consultation shows are important to customers.⁽²⁸⁾ These were analysed by assessing how each could be measured and how each could be improved. The full analysis is separately available but the factors were:

Reliability, frequency, cleanliness, noise, comfort, driver behaviour, security, availability of supportive information, journey time, vehicle accessibility, directness of route, waiting conditions and brand identity.

375. Analysis showed that there are three stages at which quality can be influenced. At each of these stages, action can be taken in respect of a number of the attributes in the list above.

Stage 1: Service design and specification

376. This can directly influence reliability (through timetable design), frequency, noise and comfort (through vehicle specification), security, supporting information, journey time, vehicle accessibility, directness of route, waiting conditions and brand identity. It can also specify other aspects, for instance cleaning schedules and driver training standards. This stage can have a powerful impact on ultimate service quality and we believe that more can and should be done to specify requirements at this stage.

Stage 2: Choice of contractor at the tender stage

377. We have always used the approach of specifying the required service quality then accepting the lowest tender from an operator able to meet those standards. In practice this has been a blunt weapon, partly because we have specified required quality only in general terms, partly because the base-line standard guaranteed by the traffic commissioners' licensing system is so low. The result has been that the worst operators are excluded, mainly as a result of the use of the

inspection and enforcement regime (see below) but it has not proved possible to use much discrimination beyond that.

378. We believe more could be done to specify service quality requirements in tender documents, as noted above, and to use a contractor's previous performance as a guide to whether a new tender should be accepted from that company. We believe the introduction of a 'two envelope' approach may help to make this process effective. The outer envelope contains answers to a questionnaire on quality standards; only if the answers to that questionnaire are satisfactory is the inner envelope, containing the tender price, opened.
379. Lincolnshire uses a two-envelope approach but has taken this a stage further by trading off quality against price: a slightly higher tender from an operator offering higher quality standards will beat a lower tender from an operator not offering those standards. We do not accept the logic of this approach, believing that quality requirements should be defined at the outset and held to.

Stage 3: Inspection and enforcement

380. This function has recently been strengthened through a team restructuring and the recruitment of a vehicle inspector. It allows us to act more effectively on our existing 'penalty points' system for contract condition infringements. The impact has been to remove already some of the worst performing contractors and to send a signal to others about our expectations. The information from the inspection process feeds back into the contract award process and can be used to strengthen a possible future 'two-envelope' system. We are also developing, jointly with Social Services and Special Education, a driver registration system; this will help ensure greater control over driver quality. More explicit monitoring targets need to be developed.

D7: Should the Council subsidise local rail services?

D7.1 Introduction

381. Analysis against corporate objectives suggests the Council should only subsidise local rail services if:
- The service will contribute to sustainability objectives and/or
 - The service is a more cost-effective means of providing access than an equivalent bus service and/or
 - The service contributes significantly to economic development or other objectives, and
 - The service would not happen without the Council's intervention.
382. Other aspects of rail support are considered in D9 but this appendix looks specifically at the current Ivanhoe Stage 1 service and the planned Ivanhoe Stage 2. More detailed analyses, separately available, are summarised in the following paragraphs.

D7.2 Ivanhoe Stage 1

383. The new stations were built and the new service provided at the instigation of the County Council. The service would not have happened otherwise.

Sustainability

384. County Council surveys ⁽²⁹⁾ show that, if the Ivanhoe service did not operate:
- 35% of passengers would revert to using the bus
 - 35% would travel instead by car
 - 30% would not travel or would go elsewhere
385. The analysis ⁽³⁰⁾ used fuel as a proxy for energy use, exhaust pollution and emission of greenhouse gases. It assessed:
- How much fuel would be saved by the trains no longer running
 - How much extra fuel would be necessary for the extra peak hour buses which would be required to carry the returning passengers (there are already bus services to all communities on the line but peak hour buses run nearly full)
 - How much extra fuel would be used by those commuting by car, making assumptions about car occupancy based on local data ⁽³⁰⁾

386. Sensitivity tests were carried out across a range of assumptions of percentages reverting to car, extent of necessary replacement bus service, average car occupancy and average replacement car journey length. The results are summarised in the following table:

Fuel in gallons per year

	<i>Middle case</i>	<i>'best' case</i>	<i>'worst' case</i>
Fuel saved by withdrawing trains	28,838	28,838	28,838
Extra fuel for replacement car journeys	19,231	31,169	11,429
Extra fuel for replacement bus journeys	4,385	4,385	2,193
Net extra fuel	-5,222	6,716	-15,216

387. This is inevitably an approximate analysis, but it does suggest, contrary to the commonly held view, that the Ivanhoe Stage 1 service makes no net contribution to transport sustainability. On the middle case, a patronage increase of around 34% would be necessary before the fuel use by replacement buses and cars exceeded that of the train service by 10%.
388. This finding illustrates that the sustainability argument for local rail services is almost certainly highly case-specific: this finding for Ivanhoe Stage 1 does not imply the same result for the analysis of other local rail services.

Equivalent bus service

389. At one level this question is answered by the facts of the present situation: there are commercially run bus services to all three intermediate stations providing a service frequency, but not a journey time, at least equal to the rail service. However, to provide further illustration, the hypothetical cost of a new hourly bus service on the same route was estimated. It would cost approximately £240,000 a year gross. The train service costs £630,000 a year gross. The net cost of the train service (£370,000) exceeds the gross cost of the hypothetical replacement bus service.

Economic development and other objectives

390. A good train service may be one of the factors which attracts new businesses to an area, or encourages indigenous business to expand. It may also help people living locally to take jobs elsewhere. While there has been considerable study of this on a larger scale, looking particularly at the impact of new roads and motorways, we have not been able to find any examples of more localised studies. We have no other evidence that the Ivanhoe Stage 1 service has had any impact at

all on economic development in what is already a relatively prosperous part of the county.

391. The service carries some people who previously used cars and so marginally reduces road congestion on the main roads into Leicester. This will have marginal benefit in journey time savings, reduced accidents and the total transport capacity of the conurbation.

D7.3 Ivanhoe Stage 2 service

392. This proposal has been extensively analysed over many years. In its most basic form it would provide an hourly train service between Leicester and Burton on Trent, with intermediate stations at Kirby Muxloe/Leicester Forest East, Coalville, Ashby, Moira/National Forest and Gresley. The £15m capital investment would be made by Railtrack and it would recoup this through a track access charge. A full analysis⁽³¹⁾ carried out in early 2000 showed:
- The scheme would require a subsidy of around £2.2m a year for a service carrying around 1000 passengers a day, a subsidy of £7 per passenger trip
 - Alternative bus and park and ride services could achieve better sustainability improvements and in particular would be much more effective at removing cars from the roads of Central Leicestershire.
 - The service would provide some benefit to the economic development of the former coalfields area and to the National Forest but there must be a question as to how significant that would be compared to the present much-improved road communication.
 - A different funding formula, for example the award of a capital grant by government, might help to overcome the cost problem.
 - However, the Strategic Rail Authority have informed us that the scheme would not meet its Planning Criteria, used by them for appraising new schemes, and therefore the likelihood of external funding seems remote.
393. The analysis above is a summary of previous work rather than new analysis for the review. Nevertheless, viewed from a Best Value perspective, it is clear that the scheme as it presently stands would not offer Best Value to the authority. An injection of public sector money from central government would make it more affordable for the County Council but would not influence the fundamental value for money. However, an injection of private sector money, for example if the line was to be upgraded for other purposes and hence the capital cost of the scheme reduced, could make a difference to the appraisal.

D8: Analysis of other options for supporting rail service development

D8.1 Background

394. The results of consultation and benchmarking are summarised, with present plans, in Section 4. Challenge to the provision of this service is provided in Section 3. The issue of direct subsidy for rail services as a policy option is considered separately in Section 5. This analysis covers the other options for rail service development.

D8.2 Options for support

395. The table below summarises the main options for support used in Leicestershire and elsewhere, with their advantages and disadvantages.

<i>Option</i>	<i>Advantages</i>	<i>Disadvantages</i>
Lobby for higher train service frequencies and other improvements	Desirable policy objective in right circumstances; little cost attached; SRA required to take notice of LTP strategies	None identified
Construct new rail stations at places defined in LTP	See separate analysis below	See separate analysis below
Construct new rail stations at other places	Further improves access to rail network	No sites identified with significant demand and practical; too many new stations undermines attractiveness of existing services
Contribute to station improvements	Improves attractiveness of rail services; can improve interchange	Railtrack and train operating companies already have responsibility for the buildings
Subsidise specific journeys	Can make rail system more effective in meeting access needs	In most cases bus a more cost-effective alternative; SRA is appropriate body to fund such enhancements

396. The sustainability arguments for single new rail stations are different from those discussed elsewhere in this report for the Ivanhoe Line, since the station would be served by an existing train service. This means car users attracted to the rail service through the new station would produce a net sustainability benefit.

397. Typically such a station would now cost up to £1m and would attract around 250 trips a day, perhaps 90 of those previously made by car. The subsidy cost, equating to the debt charges on the investment plus station running costs, would be significantly less than that for either the present Ivanhoe stage 1 service or the proposed Ivanhoe stage 2.

D8.3 Summary

398. The conclusion of this analysis is that the Council should:
- Continue to lobby for improvements for rail services
 - Construct the new rail stations identified in the LTP, subject to detailed appraisal in each case
 - Not construct new stations elsewhere unless a new option with a strong supporting case emerges
 - Contribute to station improvements which will improve interchange, in appropriate circumstances
 - Not contribute subsidy for specific extra train journeys

D9: Is the quality of the Ivanhoe rail service at an appropriate level and, if not, how could it be improved?

D9.1 What do we do now?

399. For the Ivanhoe stage 1 service, the only one for which we are directly responsible, we:

- Receive weekly reports of punctuality and reliability and act on the findings
- Carry out quarterly surveys and follow up any defects with the operator
- Respond to customer comments
- Discuss any significant issues at quarterly monitoring meetings with Central Trains.

D9.2 How do we compare with elsewhere?

400. Punctuality and reliability on the Ivanhoe Line is better than for the similar Robin Hood Line in Nottinghamshire and for Central Trains services generally. Central Trains themselves perform broadly in line with the national average for this type of service:

<i>Service</i>	<i>% timetabled trains run</i>	<i>% trains arriving within 10 mins of timetabled time</i>
Ivanhoe stage 1	99.4	94.4
Robin Hood	98.8	90.5
All Central Trains	99.0	89.3

D9.3 What options are available and which is preferred?

401. The analysis above suggests quality of service is not a major issue. No radically different approach to service quality is therefore justified. Neither is any such available, given the national regulatory framework controlling rail services.

402. At the detailed level:

- There are specific actions to be taken with respect to unreliability on one particular train and a general problem with station announcements
- Nothing can be done about the position and accessibility of stations
- Provision of an evening service would not be justified, for value for money reasons.

D10: Is the Ivanhoe Stage 1 train service being provided as cost-effectively as it could be and, if not, what more should be done?

D10.1 What do we do now?

403. The Ivanhoe service is run under a negotiated operating agreement. Annual price increases are pegged to specific inflation indices. We provide timetables for the service and carry out periodic promotions.

D10.2 How do we compare with other authorities?

404. A comparison has been made with two other local authority supported services:

	<i>Robin Hood Line (Notts)</i>	<i>Newcastle-Sunderland</i>	<i>Ivanhoe Stage 1</i>
Characteristics	13 stations, 32 route miles, hourly/half hourly service	7 stations, 13 route miles, 4 trains/ hour	5 stations, 13 route miles, hourly service
Train miles p.a.	420,000	500,000	95,000
Passenger journeys/ revenue p.a.	1.1m/£1.35m	2.3m/£2.36m	0.25m/£0.26m
Operating cost p.a.	£2.75m	£5.58m	£0.61m
Cost/ train mile	£6.54	£11.17	£6.37
Subsidy/ train mile	£3.33	£6.45	£3.64
Subsidy/ passenger trip	£1.27	£1.40	£1.40

Source: Nottinghamshire County Council, Jan 2001
: NEXUS – Tyne and Wear PTE, Jan 2001

405. The cost per train mile is lower on the Ivanhoe line than for the other services. The subsidy per passenger trip is broadly the same, because the patronage of the Ivanhoe service is relatively less.

D10.3 What options are available and which is preferred?

406. There is no effective market open to a local authority in supporting a service like this: it is obliged to negotiate with the franchised train operator. Most costs beyond that operator's control are regulated nationally. There is therefore little the authority can do to influence the cost of the service.
407. Fares revenue can be influenced through promotion of the service. Other pressures on staff time have caused promotional effort to fall off in the last couple of years. Efforts should be made to overcome this.

D11: Should accessible transport be targeted to meet specific access needs?

408. Most accessible transport currently funded by the council meets access needs for personal business, visiting friends and relatives, shopping and health. People able to use normal bus services have no limitation on the purposes for which they may use them, though the scope of the services may limit them for some purposes, for example leisure access. In equity, there is a strong argument for not being prescriptive about the access needs of mobility-impaired customers which the Council should seek to meet, beyond the similar constraint of being able to supply the service cost-effectively.

D11.1 Access to health facilities

409. There is a specific issue with access to health facilities. Health authorities are obliged to provide such transport for those who have a medical, but not a financial, need for it. This criterion has been generously interpreted in the past but the health authorities have over recent years been tightening up considerably. The result has been increasing pressure on Council-funded voluntary transport schemes to provide more health-access transport.
410. Discussions to clarify this are ongoing. For the Council to fund health-access transport without constraint would simply transfer expenditure from one public sector body to another. A clear set of criteria needs to be drawn up to mark the boundary between what is funded by one authority and what by the other.

D11.2 Access to work

411. Access to work is as important for individual disabled people as it is for anyone else, but there was a question whether other agencies already adequately met this need. Investigation, including discussions with the DETR and RADAR⁽³²⁾ showed:
- Transport is one of a number of barriers which make it difficult for disabled people to secure employment
 - 85% of disabled people were not born disabled but become disabled through accident or illness. This helps explain the fact that:-
 - 66% of disabled people are elderly, a percentage likely to grow with the general ageing of the population
 - For disabled people who go out to work, the 'care and support' aspect of accessible transport is generally not so important as it is for more elderly disabled people
 - It follows that the major barrier with transport to work for disabled people could well be cost

- The diversity of times and destinations for work transport makes it difficult to provide for disabled people other than by a taxi-style service.
412. There are a number of national schemes designed to help disabled people move into and stay in work. Most relevant for transport is the Employment Service 'Access to work' scheme, which provides support to overcome the effects of disability at work. The scheme covers additional costs incurred because of a disability, including travel to work costs. Other schemes such as the New Deal for disabled people indirectly provide assistance with transport by offering financial support and advice.
413. These schemes are nationally available. There therefore appears no prima facie case for the County Council to fund access to work for disabled people.

D12: How could accessible transport schemes best be expanded to provide countywide coverage?

D12.1 Introduction

414. Existing voluntary sector schemes have grown where there has been volunteer initiative, supported by County Council funding. Restrictions on that funding have meant that coverage of these schemes countywide, and particularly in the rural areas, is far from complete. Furthermore, many existing schemes are having to ration journeys to users even within the areas they cover. Customers express a strong desire for better accessible transport provision generally, though, perhaps because of the low expectations of disabled people, the call for expansion of voluntary schemes has not been strongly reflected in the direct consultation for this review.

D12.2 Cost

415. Providing effective countywide coverage would cost more. Approximate estimates have been made both for the personalised car schemes and for the minibus schemes which usually provide weekly shopping/personal business services. Present total expenditure is £165,000 a year. Expanding to give countywide coverage at broadly the same level of service as the present would cost approximately £245,000 a year. Increasing the supply to avoid the necessity to ration journeys, given indications from schemes that they could carry 50% more passengers if rationing were removed, would cost approximately £355,000.
416. These amounts are only indicative, but do show that a substantial increase in funding will be required if the service is to be delivered effectively across the county. Benchmarking shows a wide range of expenditure levels by other authorities, a number spend well above even this level. Derbyshire, for example, spends over £1m a year; Milton Keynes spends £0.5m. There is a view from many authorities either that they are not doing an adequate job of providing accessible transport or that the cost of doing so is very high.⁽⁶⁾

D12.3 Policy for allocation of funds

417. The present policy uses a simple input measure in distributing funds pro rata to population. An appropriate outcome measure would be for scheme users, wherever they live, to have an approximately equal chance of being able to telephone and book the trip they wish to make. This could only be measured with difficulty. An equivalent output measure might make an acceptable proxy:
418. 'Funds will be allocated in such a way that the available trips per scheme user per year are approximately the same wherever that user lives.'

- 419. This could be achieved through the service level agreements with each scheme, allocating funding sufficient to support a specified number of trips.
- 420. This objective might also be helped by sorting out a small example of 'not-joined-up' service provision that currently exists. The Council's Social Services Department also funds voluntary transport schemes. Most of this is provided as part of care packages for individual disabled people and there is therefore no overlap with Planning and Transportation funding. However, through general-purpose funding of Volunteer Bureaux and Councils for Voluntary Service, Social Services also contribute in a not quantified way to the running of general transport schemes of the type funded also by Planning and Transportation.
- 421. The overlap is almost certainly not great, but sorting it out and ensuring there is no danger of funds being wasted could help make the coverage of accessible transport schemes more effective.

D12.4 Issues in achieving countywide coverage

- 422. Achieving countywide coverage is not straightforward, given issues of driver recruitment and the organisational scope of the various schemes. Discussions with schemes highlight one other clear conclusion, however.
- 423. At present, schemes users pay a mileage charge not only for the journey from their home to destination but also for the mileage the volunteer travels to or from his or her own home. If the user lives a long way from the nearest volunteer, the journey cost can increase greatly as a consequence. Abolishing this rule will increase the net cost of schemes but will make geographical coverage less tied to where volunteer drivers live.

D13: What types of accessible transport will be most cost-effective?

D13.1 Comparison of options

424. The table below presents a comparison of options. The general conclusion to be drawn is that the present emphasis on the use of voluntary sector transport is a correct one but that a mixed regime of transport types should be provided. The notes below the table amplify these points.

<i>Option</i>	<i>Advantages</i>	<i>Disadvantages</i>
Access (fixed route full-sized bus with wheelchair access)	Good care and assistance, journey valued as a social event, low fares	Inflexible and infrequent; high cost (£3.90 per passenger journey)
Central Leics dial-a-ride (pre-booked with some choice of destination)	Good care and assistance, more flexible than Access, low fares	Limited scope, vehicle utilisation inevitably poor, high cost (£3.60 per passenger journey)
Volunteer car schemes	Good care and assistance, modest cost (£2.50 per passenger journey, personalised)	Not suitable for all types of impairment, relies on volunteers, outside Council's direct control
Volunteer minibus schemes	As above, cost £2.40 per passenger journey, suitable for wide range of disabilities	Less personalised than car schemes, same issue of volunteers
Contract shared taxi or minibus schemes	Suitable for wide range of disabilities, fully under Council's control	Good care and assistance less certain, more expensive (c£3 per passenger journey)
Taxis and private hire cars	Flexible	Expensive to user (and to the Council if it subsidised them), good care and assistance not guaranteed
Low-floor buses on conventional services	Flexible, cheap to user, avoids segregating disabled people, cheap to subsidise (c£1 per passenger journey)	Many disabled people cannot use them; good care and assistance not guaranteed

<i>Option</i>	<i>Advantages</i>	<i>Disadvantages</i>
Use of spare time of social services and special education accessible vehicles	Cost broadly comparable to voluntary sector costs	Limited time availability each day, and no consistent availability across county

D13.2 Note on Central Leicestershire

425. The Access and Dial-a-ride schemes are currently under review by Leicester City Council, which pays 78% of their cost. The review is being carried out under Best Value principles, with the assistance of County Council staff. This review will produce a preferred option for Leicester: this option might well then be preferred also for the County part of Central Leicestershire, given the prospects for extending the city service at marginal cost.

D13.3 Note on low-floor buses

426. Virtually all new buses bought in the county are now of the low-floor type, so they are becoming rapidly more widely available. Options for improving their usefulness include:
- Make grants to operators for earlier conversion to low-floor. This, though probably legal, would be expensive, potentially anti-competitive and have only a marginal impact on a process that is happening anyway.
 - Specify low-floor buses for main Council contract services. This would add to contract costs, but much less so than would have been the case a few years ago. It would directly help disabled people and also support the 'step-change' approach to the bus services network outlined elsewhere in this report.
 - Invest more in ensuring bus stops have raised kerbs to allow level docking for wheelchair users. This is already being done in Quality Bus Partnership projects and could be spread elsewhere at relatively modest cost (c£900 per stop).

D13.4 Note on taxis

427. Taxis are potentially ideal for disabled customers but are expensive and taxis drivers are often disinclined to offer any 'care and support'. Analysis suggests three initiatives worth pursuing:
- Review the travel concessions scheme to give a greater fares concession for disabled people using taxis
 - Work with the district councils, the taxi licensing authorities, to provide training for taxi drivers in the needs of disabled customers

- Work with the district councils to try to ensure a mixed supply in each district of 'black cab' and saloon car taxis, thus providing for the widest possible range of mobility impairments.

D13.5 Note on using the spare time of Social Services or Special Education vehicles

428. A collaborative study was carried out jointly with colleagues in the other two departments, the results of which are separately available. The costs vary considerably depending on the specific mix of work but, at their best, can be similar to or below voluntary sector costs. We concluded that the general use of such vehicles as an alternative to voluntary sector provision would not be appropriate, because of their limited availability and the danger of undermining associated voluntary sector activity if support for minibuses services was withdrawn. However, these vehicles have the potential to offer individually cost-effective solutions and should be tested as options in future service developments.

D14: Is there a case for externalising the management of the service?

D14.1 What do other authorities do?

429. Benchmarking⁽⁶⁾ with other authorities has proved of little assistance in assessing the cost of this option, since only around 3% of authorities have externalised the function and none of those is able to supply comparable cost figures. This was because the externalisation in each case covered a wide range of functions, of which public transport was a small part. Authorities who had considered but rejected the idea of externalisation quoted as a key issue the difficulty of securing transport integration across the authority if some parts of it were externalised and others were not
430. In discussion with Somerset, one of the authorities which has externalised, it was made clear:
- Both client and contractor are happy with the arrangement
 - But the client is unable to quantify cost savings
 - The client has not retained staff with specialist skills, making it hard to appraise the contractor's performance
 - There have been practical difficulties in that questions from the public and elected members cannot always be satisfied by the contractor, and the client may not be in a position to answer them.

D14.2 What issues affect Leicestershire?

431. For the public transport group as a whole, the cost of staff and administrative support is approximately 5% of the total revenue budgets managed (£625,000 against £13.0m total spend including concessionary travel and school transport and spend for Leicester City). Provision of local bus services contracts, in particular, is relatively labour-intensive, with staff acting in effect as commercial managers for most of these. Staff numbers in Leicestershire, relative to the budget, are close to the average for East Midlands counties.⁽⁷⁾
432. A judgement about externalisation would need to take into account:-
- That the large size of total budgets means that effectiveness in expenditure control is at least as important a factor as the basic costs of employing staff
 - That an 'intelligent client' role would have to be maintained by the Council.

433. We have not the evidence to prove whether externalisation of the public transport function on its own would be cost-effective. The analysis suggests, however, that the case is likely to be marginal either way. It may be that the case for externalisation is best assessed on a larger scale, as has been done elsewhere. The Highway Services Best Value Review will provide an appropriate mechanism to consider this.

D15: Integrated transport procurement

D15.1 What do other authorities do?

434. Practice varies from those who procure each type of transport separately in different departments through to those who procure all passenger transport through a single agency.⁽⁶⁾ A further dimension is added by the operation of in-house fleets, which may be managed directly by the buying-in agency or, in sympathy with previous CCT rules, be managed as a freestanding function. The benefits of joint procurement are considered to lie in two main areas:
- Having a 'single tendering outlet' to give better control of the market
 - Using the broad range of transport to produce the most cost-effective provision in any circumstances, including use of the same vehicle to provide services to different customer groups.

D15.2 The situation in Leicestershire

435. The two largest procurement operations for mainstream passenger transport, public bus services and home to school transport, are integrated in the Planning and Transportation Department. The Social Services Department operates a substantial fleet of in-house vehicles for its clients, as does the Education Department for children with special educational needs. Both departments support their in-house operation with some transport purchased from the market.
436. Sharing of expertise between the departments is already commonplace, for example current work towards a common set of contract conditions and a unified driver registration system. It might be argued that the greatest scope for integration has already been realised with mainstream passenger transport, since that is by far the largest element which is bought from the market, and that the management of in-house fleets requires substantially different disciplines. Nevertheless the other two departments buy in increasing amounts from the market and there must be a prima facie case for a thorough examination of full integration.
437. To do so would be a substantial exercise. A Best Value assessment to look at this issue amongst others has been programmed for 2004/05. The Panel is of the opinion that it would be beneficial to bring this assessment forward to an earlier date.

Appendix E - Summary of Consultation

Introduction

438. Consultation for the review comprised four main elements:

- Questionnaire surveys
- Discussion groups
- Review of previous consultation
- Attitude surveying for the national BVPIs

439. The full analysis of survey results is separately available. Key findings are included in Sections 4-7 and Appendices D1-15. This appendix describes the processes involved. The questions raised ranged across the issues in the review, covering provision policy, cost and quality.

Questionnaire surveys

440. Postal or on-vehicle surveys for the review were conducted as follows:

<i>Stakeholder group</i>	<i>Sent out</i>	<i>Returned</i>	<i>%</i>
Contract local bus service users	638*	638	100
Local bus operators	34	1	3
Bus users panel members	21	5	24
Accessible transport service users	84	23	27
Users of Access and Dial-a-ride	84*	84	100
District councils	7	4	57
Parish councils	220	62	28
Ivanhoe Rail Users	236*	236	100%
Accessible transport scheme operators	14	4	29

** forms handed out on the vehicle; customer only took form if willing to fill it in*

441. Rates of return were generally acceptable, but for the local bus operators. The major operators, however, were involved in separate discussions with the Council (see below). A discussion with representative smaller operators was held at the regional level and there has been considerable informal assessment of views from other bus operators.

Discussion groups

442. These were of two types. The first were conducted by a commercial company skilled in running 'focus groups'. Three separate discussions were held:

- With users and non-users of local bus services, to talk about service provision and quality issues
- With users and non-users of the Ivanhoe rail services, with a similar agenda
- With mobility-impaired users and non-users of accessible transport services, again with a similar agenda.

443. The second type were run by Council officers and comprised:

- A discussion with the County's three major bus operators on a number of issues to do with bus service quality and cost
- A discussion with the same operators plus officers of Leicester City, Charnwood and Hinckley and Bosworth Councils, to talk about Quality Bus Partnership issues
- A discussion with voluntary sector operators of accessible transport services to consider cost, quality and service expansion issues

444. There were also two further discussions with bus operators, held at the regional level. The first was with subsidiaries of the major bus groups in the region, the second with smaller operators.

Review of previous consultation

445. Knowledge of customer views has been built up over a long period from a wide variety of sources, many of them informal and not well-documented. Such knowledge played its part in the analysis for this review, but there was also reference back to more specific previous consultation and other feedback:

- Previous comments from parish and district councils and members of the public
- Previous discussions of the Leicester and Leicestershire Bus Users' Panel
- Information collected during routine on-bus inspections by the Council's bus inspectors
- Public participation in the preparation of the two Local Transport Plans in early 2000
- Consultation for preparation of the Leicestershire Rural Strategy, autumn 2000.
- Information from specific consultation exercises carried out when bus service changes are planned
- A 1999 commissioned survey in the Twycross/Sheepy area on attitudes to public transport information
- Market research carried out in 2000 into the potential development of the 126/7 bus route between Leicester, Loughborough and Shepshed
- A 1996 survey of users and non-users of the Ivanhoe rail service between Leicester and Loughborough

446. All of these sources contributed, but public participation for the Central Leicestershire and Leicestershire Local Transport Plans should be highlighted. Extensive consultation was carried out, using a range of approaches, and much of the comment centred on public transport.

Attitude surveying for the national BVPIs

447. This was carried out in autumn 2000 as part of a wider County Council survey covering all the attitudinal BVPIs. The national statistics do not differentiate between the views of those using commercial bus services and those using subsidised routes. One of the purposes of the survey of contract local bus service users, referred to above, was to supply equivalent figures for those who use the services we support.

Appendix F - Summary of Benchmarking

Introduction

448. Benchmarking for the review has presented considerable difficulties. Whilst policy and process benchmarking comparisons are readily available, both regionally and nationally, performance benchmarking is so far almost non-existent. Furthermore, attempts to derive performance measures through a regional benchmarking club have been largely unsuccessful, despite the best efforts of those involved.
449. Similar comments apply to the national BVPIs. All of these apply across the board to both commercial and contract bus services, so, given the limited influence on the commercial network noted elsewhere in this report, they have very limited value as indicators of the Council's performance. In particular, this lack of available benchmarking information means that it has not been possible to make any judgement about performance compared to the top 25% of authorities nationally; nor will it be possible to set targets on that basis.
450. The lack of available performance data is also no doubt influenced by the fact that this is a 'year 1' review, and with time there should be much more analysis carried out nationally to move the issue forwards. It is clear that we will have to remain closely involved with this developing process.
451. Despite these reservations, the policy and process benchmarking produced a good deal of useful data. A large proportion of this was useful by exception, demonstrating that practice in Leicestershire is already in line with best practice elsewhere.
452. Benchmarking activities called upon for the review comprised:
- Work of a regional benchmarking club
 - A national e-mail to other authorities covering policy issues
 - A similar approach covering cost and quality issues
 - A specific follow-up to councils understood to be carrying out BV reviews of public transport at the present time
 - Compiling information from other sources
453. Two other pieces of benchmarking will be completed by the end of August:
- a comparison of staffing levels with other authorities
 - a comparison of local bus service levels of service by bands of population size.

454. These are not expected to influence the conclusions of the analysis but will add further supporting data.'

Regional benchmarking club

455. Officers have been active in this club, covering the East Midlands region, for the last two years. The group, meeting every two months, has so far:
- Analysed policy, process and performance for home to school transport
 - Analysed policy and process for contract local bus services and attempted performance measures
 - Done likewise for accessible transport
456. Difficulties in finding performance measures which are not undermined by other variables have been noted above. The information on school transport performance is relatively robust and, being a similar market, has been used to some extent in this review.

National e-mail on policy issues

457. The Association of Transport Co-ordinating Officers runs an information exchange site, with about 60 authorities using it. An e-mail to this site asked for responses to a series of focussed questions on policy issues. The questionnaire asked for responses only where practice or policy was different from in Leicestershire. Perhaps partly as a consequence, only 7 responses were received.

National e-mail on cost and quality issues

458. This was circulated the same way and elicited 16 responses.

Other Councils carrying out Best Value reviews

459. Given the difficulty of producing performance benchmarking information, an approach was made to 17 councils believed to be conducting year 1 best value reviews of transport. A number of these turned out to be reviewing other areas of transport provision and others were not able to offer any helpful information. Cheshire, whose review is complete and inspected, had made significant efforts to produce comparison data but had made no more progress in performance comparison areas than we have managed to.

Information from other sources

460. The information from other sources includes reports, articles in the technical press and information passed over by colleagues elsewhere. Although often poorly recorded, this provides a valuable source of background information. Amongst specific sources was a 1999 national survey of quality bus partnerships by the TAS Partnership.

Appendix H: References

Detail of consultation and Benchmarking is given in Appendices E and F. The following is a list of specific references in the text to these activities.

- 1) **LEICESTERSHIRE COUNTY COUNCIL**, April 1993, Based on data from: **1991 Census survey of Leicestershire**
- 2) **LEICESTERSHIRE COUNTY COUNCIL**, 19th February 2001, *Paper H To Best Value Member Panel Meeting*
- 3) Notes of Central Leicestershire and Loughborough Quality Bus Partnerships,
- 4) **SOCIAL AND MARKET STRATEGIC RESEARCH**, February 2001, *Report on Focus Groups of Users and Non-users of Leicestershire's bus service And non-users of the Ivanhoe Rail line*, Kingston Upon Hull

LEICESTERSHIRE COUNTY COUNCIL, 2000, Local Transport Plan Consultation

RESEARCH AND MARKETING ASSOCIATES LTD., May 2000, *Service 125/126/127 Survey Report*, Solihull

Other Sources

- 5) **MORI**, 2000, Public Satisfaction Surveys
LEICESTERSHIRE COUNTY COUNCIL, Autumn 2000, BVPI104 – User Satisfaction Survey, BMG, Birmingham
LEICESTERSHIRE COUNTY COUNCIL, March 2001, Contract Local Bus Services Passenger Surveys
- 6) **LEICESTERSHIRE COUNTY COUNCIL**, January 2001, Responses and Analysis of Responses to an ATCO e-mail for benchmarking
ATCO East Midlands Benchmarking Group
- 7) ATCO East Midlands Benchmarking Group
- 8) **RESEARCH AND MARKETING ASSOCIATES LTD.**, May 2000, *Service 125/126/127 Survey Report*, Solihull
- 9) ATCO East Midlands Benchmarking Group
LEICESTERSHIRE COUNTY COUNCIL, December 2000, Discussions held with Charnwood Borough Council, Hinckley and Bosworth District Council, Leicester City Council, Arriva Fox County, First Leicester and Kinch/Barton Buses

- 10) **JMP CONSULTANTS**, May 1999, *Leicestershire Rural Bus Service – Marketing and Promotions Study*, Leeds

Various National Research Studies

- 11) **SOCIAL AND MARKET STRATEGIC RESEARCH**, February 2001, *Report on Focus Groups of Users and Non-users of Leicestershire's bus service And non-users of the Ivanhoe Rail line*, Kingston Upon Hull
- 12) **NOTTINGHAMSHIRE COUNTY COUNCIL**, 2001, *Draft Bus Information Strategy*
- 13) **LEICESTERSHIRE COUNTY COUNCIL**, Autumn 2000, BVPI103/ BVPI104 – User Satisfaction Survey, BMG, Birmingham
- 14) **LEICESTERSHIRE COUNTY COUNCIL**, March 2001, Contract Local Bus Services Passenger Surveys,
- 15) **DOBBS B.**, November 2000, *Local Authority Bus Contracts – Price, Expenditure And Competition Survey 2000*, Association of Transport Co-ordinating Officers, Dunblane
- 16) ATCO East Midlands Benchmarking Group
- LEICESTERSHIRE COUNTY COUNCIL**, 2000 onwards, On-going schools transport comparisons
- 17) **LEICESTERSHIRE COUNTY COUNCIL**, 2000, *Schools Transport Review*
- 18) **LEICESTERSHIRE COUNTY COUNCIL**, December 2000, Discussions held with Arriva Fox County, First Leicester and Kinch/Barton Buses
- 19) **STRATEGIC RAIL AUTHORITY**, July 2001, *Towards a Safer, Better, Bigger Railway – Annual Report 2000-2001*, London
- 20) **MARKETING INNOVATION LTD.**, November 1996, *Ivanhoe Stage 1 – Market Research Study*, Loughborough
- LEICESTERSHIRE COUNTY COUNCIL**, 1996, On-train Survey
- 21) **LEICESTERSHIRE COUNTY COUNCIL**, January 2001, Analysis of questionnaire that was sent to Community Transport operators
- 22) **LEICESTERSHIRE COUNTY COUNCIL**, December 2000, Consultation held with Community Transport Operators
- 23) **LEICESTERSHIRE COUNTY COUNCIL**, January 2001, Analysis of questionnaire that was sent to Community Transport Users

- 24) **SOCIAL AND MARKET STRATEGIC RESEARCH**, February 2001, *Report on Focus Groups of Users and Non-users of Accessible Transport in Leicestershire*, Kingston Upon Hull
- 25) **LEICESTERSHIRE COUNTY COUNCIL**, April 2001, Analysis of existing bus contracts
- 26) **DEPARTMENT OF ENVIRONMENT, TRANSPORT AND THE REGIONS**, 2000, *Rural White Paper*
- 27) Bidy to check
- 28) **SOCIAL AND MARKET STRATEGIC RESEARCH**, February 2001, *Report on Focus Groups of Users and Non-users of Leicestershire's bus service And non-users of the Ivanhoe Rail line*, Kingston Upon Hull
- LEICESTERSHIRE COUNTY COUNCIL**, 2000, Local Transport Plan Consultation
- RESEARCH AND MARKETING ASSOCIATES LTD.**, May 2000, *Service 125/126/127 Survey Report*, Solihull
- Centro Study**,
- Other Sources
- 29) **LEICESTERSHIRE COUNTY COUNCIL**, 1996, Ivanhoe line on-train survey
- 30) **Data for central Leicestershire Traffic Model**
- 31) **(LCC file 5358)**
- 32) **LEICESTERSHIRE COUNTY COUNCIL**, Spring 2001, DISCUSSIONS WITH DETR, RADAR and DFEE