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**THE EARLY EFFECTS OF THE 1985 TRANSPORT ACT IN
TYNE AND WEAR**

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The views expressed in this report are not necessarily those of the Department of Transport

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THE EARLY EFFECTS OF THE 1985 TRANSPORT ACT IN TYNE AND WEAR

ABSTRACT

The report describes the changes in the provision of local bus services which took place in Tyne and Wear when the 1985 Transport Act ('deregulation') was implemented in October 1986, and during the first year thereafter. The report is the result of a joint monitoring exercise carried out by the Transport and Road Research Laboratory and the Tyne and Wear Passenger Transport Executive.

The effects of the 1985 Transport Act in Tyne and Wear can be summarised as follows. The main network of services was maintained. Independent operators increased their services, and new operators entered the market. Frequencies increased and new services were introduced, many of them in competition with established operators or with the Metro. Fares increased before deregulation, and interchange tickets became limited in scope. As a result of the fares increases and the initial disruption of deregulation, patronage on both bus and Metro fell. There was a reduction in public expenditure on transport.

The report describes the bus services in Tyne and Wear, and details the effects of the Act on the bus operators, on the Passenger Transport Authority and Executive, and on the passengers. The extent to which the Government's objectives have been achieved in Tyne and Wear is examined.

1 INTRODUCTION

1.1 THIS REPORT

This report describes the changes in the provision of local bus services which took place in Tyne and Wear when the 1985 Transport Act was implemented in October 1986 and during the first year thereafter. The report is the result of a joint monitoring exercise carried out by the Transport and Road Research Laboratory (TRRL) and the Tyne and Wear Passenger Transport Executive (TWPE).

The results of the TRRL programme for monitoring the effects of deregulation over the whole country have been reported in previous TRRL Research Reports (Balcombe *et al* 1987, Balcombe *et al* 1988), and the findings from the metropolitan areas are described in a summary report (Perrett *et al* 1989a). This report is one of several dealing in much more detail with the effects of the Act in individual metropolitan areas; reports have also been published which deal with Strathclyde (Perrett *et al* 1989b),

Merseyside (Perrett *et al* 1989c), Greater Manchester (Pickett and Tibke 1988) and West Yorkshire (Walmsley and Headicar 1989).

The report attempts to provide a factual description of the changes that have taken place. Much of the material has been gathered through regular monitoring meetings between Tyne and Wear PTE and TRRL, and from statistical information available from a number of sources.

One of these data sources is the computerised Bus Registration Index established at the Transport and Road Research Laboratory. This index contains details of all services registered to operate since deregulation and is updated regularly. It also contains a 'dummy' set of data supplied by TWPE giving details of services operating at 1 November 1985 (a year before deregulation). These data have been used to supply information on vehicle-mileages quoted in this report.

It should be stressed that the information on vehicle-miles is derived from registration data. In aggregate it is felt that the data are useful for the purpose of statistical analysis but when split into components, relating to individual operators or time periods for example, the results may be subject to error.

1.2 THE 1985 TRANSPORT ACT

The 1985 Transport Act introduced the largest change for over fifty years in the statutory framework within which local bus services are provided. It was designed to introduce a competitive and largely commercial system in place of the previous publicly owned and regulated one, and it changed the role of the authorities responsible for public transport—the Passenger Transport Executives in the former Metropolitan counties and the County Councils elsewhere—from a planning role to one of responding to the bus operators' commercial moves.

Prior to the Act, operators of Public Service Vehicles (PSVs) had to apply to the Traffic Commissioners for a Road Service Licence in order to run a bus service. Licences were usually granted to a single operator on any given route. For many years operators were expected to cross-subsidise services on unprofitable sections of routes or at unprofitable times of day from other more profitable operations, in return for being given this monopoly advantage.

The 1968 Transport Act had created, in 1969, the Tyneside PTE which formed the basis of Tyne and Wear PTE in 1974. Under the control of the newly-created Metropolitan counties (Tyne and Wear

among them), the PTEs were able to provide subsidy to public transport through network revenue support and to specify the pattern of services and fares during the decade prior to deregulation.

The 1985 Transport Act proposed the reorganisation of the bus industry on commercial lines, and had three main features:

(1) Deregulation:

The requirement for PSV operators to obtain a Road Service licence was abolished; they were free to run any service (subject to certain safety provisions) provided it was registered with the Traffic Commissioner at least 42 days before commencing operation. Operators also had complete discretion as to the fares charged on these commercial services; fares control had already been relaxed since the 1980 Transport Act.

(2) Tendering:

It was recognised that there would be some bus services which were socially necessary but would not cover their costs from revenue. The Act therefore allowed the local authorities to provide financial support for such services, but only by means of a tendering process carried out on a service-by-service, period-by-period, basis.

(3) Reorganisation of Publicly-owned operators:

In order to promote competition in the provision of both tendered and commercial services arrangements were set in hand for the National Bus Company subsidiaries to be privatised. In addition, the PTEs' former direct bus operations were reorganised into financially independent companies with assets in the hands of the PTA. Similar arrangements were made for municipally-owned bus operators.

These changes were implemented mainly on 26 October 1986—'Deregulation Day'. However, the Act contained transitional arrangement under which those services which operators intended to run commercially from that day had to be registered eight months previously (by 28 February 1986). This was to give time for local authorities to identify the requirement for additional socially—necessary services and to arrange for their provision via tendering. After 26 October 1986 no changes were permitted for three months except with the consent of the Traffic Commissioner with the support of the PTE or County Council, but from 26 January 1987 operators were free to change their services at will, subject only to giving 42 days notice.

1.3 THE 1985 LOCAL GOVERNMENT ACT

As well as the Transport Act a separate Local Government Act was passed in 1985 which also had important consequences for local public transport,

and which took effect during the same period as bus deregulation.

Under the Act Tyne and Wear County Council, along with the other Metropolitan County Councils, was abolished with effect from 1 April 1986, that is, during the transitional period immediately prior to deregulation. Its function as Passenger Transport Authority passed to a statutory Joint Board of members nominated from the constituent District Councils to whom the Passenger Transport Executive became responsible.

The Local Government Act also gave to the Secretary of State for Transport the power to prescribe the maximum expenditure limits for the new Joint Boards for an initial three year period. This power of 'rate-capping' placed an absolute limit on rate-borne funding by the PTA, and was potentially more restrictive than the previous arrangements under the 1983 Transport Act, which had already brought greater central government control on to transport spending with the establishment of Protected Expenditure Levels set annually by the Secretary of State.

Under the restraint of this precept control, expenditure on public transport support in the six English Metropolitan Areas was reduced by over £100 m (about 40 per cent) between 1985/6 and 1987/8; in the case of Tyne and Wear this expenditure limit was set at £57.8 m for the year 1987/8 compared with equivalent expenditure of £54.3 m by the County Council during 1985/6. However there were significant transitional costs involved in establishing the former direct bus operators as independent companies and in restructuring the PTEs for their new revised role.

These Expenditure Limits meant that in planning their secured services the PTEs were constrained by the available budgets; in the case of Tyne and Wear this was not a severe constraint. But as a result, it is not possible to say how far the changes in services which actually took place resulted from precept control and how far from deregulation, and this needs to be borne in mind when interpreting the results presented in this report.

1.4 STRUCTURE OF THIS REPORT

The changes brought about by such a complex piece of legislation as the 1985 Transport Act are of many differing types, and the benefits of the legislation as seen from one point of view may be disbenefits as seen from another. For example, the discontinuation of an unremunerative service might produce a cost saving for the operator, create travel difficulties for the passengers who use the service, and require the PTE to decide whether to provide a subsidised service with implication for its expenditure budget.

In order to ensure that the many different types of change are covered and that the impacts relevant to

a particular party are presented together, the remainder of this report describes the changes associated with the 1985 Transport Act in Tyne and Wear from the separate viewpoints of the main parties affected—operators, PTA, PTE, passengers and Central Government. However, it should be restated that the intention is to present a factual description of those aspects of deregulation which affect each party and not (unless stated to the contrary) to reflect the perceptions or opinions of those impacts as may be held by the individuals concerned.

The presentation is more or less chronological. The operators, by registering their commercial services before 28 February 1986, began the process of developing the network of post-deregulation services. Next, the PTE responded by subsidising additional services to fill gaps in the commercial network, and then the finished result was presented to the passenger on 26 October 1986. Therefore, after describing the public transport services in Tyne and Wear prior to deregulation, the report considers deregulation first from the operators' point of view, then from the PTE's point of view, and then from that of the passenger. Finally, in a section on the Government's point of view, the report describes the objectives behind the 1985 Transport Act and assesses to what extent they have been achieved so far in Tyne and Wear.

2 TYNE AND WEAR AND ITS BUS SERVICES PRIOR TO DEREGULATION

2.1 THE AREA

The Metropolitan county of Tyne and Wear consists of five Districts (Newcastle, Gateshead, North Tyneside, South Tyneside and Sunderland) and has a total population of 1.1 million (1981 Census). There are major urban settlements in Newcastle on the north bank of the Tyne, Gateshead on the south bank, South Shields at the mouth of the Tyne, and Sunderland around the mouth of the Wear. In addition, the county contains an almost continuous development of smaller towns along both banks of the Tyne which grew up around the coalmining, shipbuilding and engineering industries, a small number of coastal resorts and a major new town (Washington). To the west, in the Tyne Valley, there are rural areas with small towns, and to the north of Newcastle there are important traffic corridors to Ashington, Cramlington, Blyth and so on, and some relatively prosperous areas, for example Ponteland and Darras Hall. Though these lie outside the county boundary, they are heavily dependent on the Tyne and Wear conurbation and its transport system to meet their needs.

A distinctive feature of the transport system in Tyne and Wear is the Metro, a light railway system which

consists of four lines radiating from the centre of Newcastle with a loop to the coastal towns of Tynemouth and Whitley Bay. The Metro was built mainly on the alignment of the former British Rail North Tyne Loop and South Shields lines, but with some diversions to serve newly developed areas and with tunnels and stations in the centre of Newcastle. It has a total length of 55 km and serves 44 stations. The system opened in stages between 1980 and 1984.

Figure 1 shows the county of Tyne and Wear with major settlements and district boundaries, and Figure 2 shows the Metro and the areas served by the major bus operators.

2.2 SERVICE LEVELS BEFORE DEREGULATION

Before deregulation, the majority of bus services in Tyne and Wear were operated by three major companies, two of them subsidiaries of the National Bus Company—Northern General Transport Company ('Northern') and United Automobile Services ('United') and the third the PTE direct operation. A handful of services, amounting to 1.3 percent of vehicle-mileage, were operated by long-standing independent companies (OK Motor Services, Hunter, Jolly, Trimdon Motor Services and Vasey), and one company (Low Fell Coaches) had in recent years succeeded in obtaining a Road Service Licence for a new service.

To a large extent, the major operators had their own traditional operating patterns dating back many years, before the formation of Tyne and Wear PTE in 1974. The original Tyneside PTE was formed in 1969 when it took over the former corporation transport undertaking in Newcastle. South Shields and the Sunderland municipal company were incorporated in 1970 and 1973 respectively. As a result, the PTE direct bus operations were largely confined to these three former boroughs.

Elsewhere in Tyne and Wear, bus services were operated mainly by the NBC companies. Northern General operated mainly south of the Tyne, in Gateshead and South Tyneside districts, but also had some services in North Tyneside and operated longer distance services into Newcastle. United operated in the north of the county in the coastal towns area, and also operated a number of services into Tyne and Wear from nearby towns in Northumberland and Durham.

Since its formation the PTE had followed a policy of integrating and promoting public transport in the county. Over the years the services had been moulded into a unified system by integrating management, through operator agreements, adopting a common numbering system, publishing timetables and information in a standard format, and in recent years adopting a common livery. Other changes

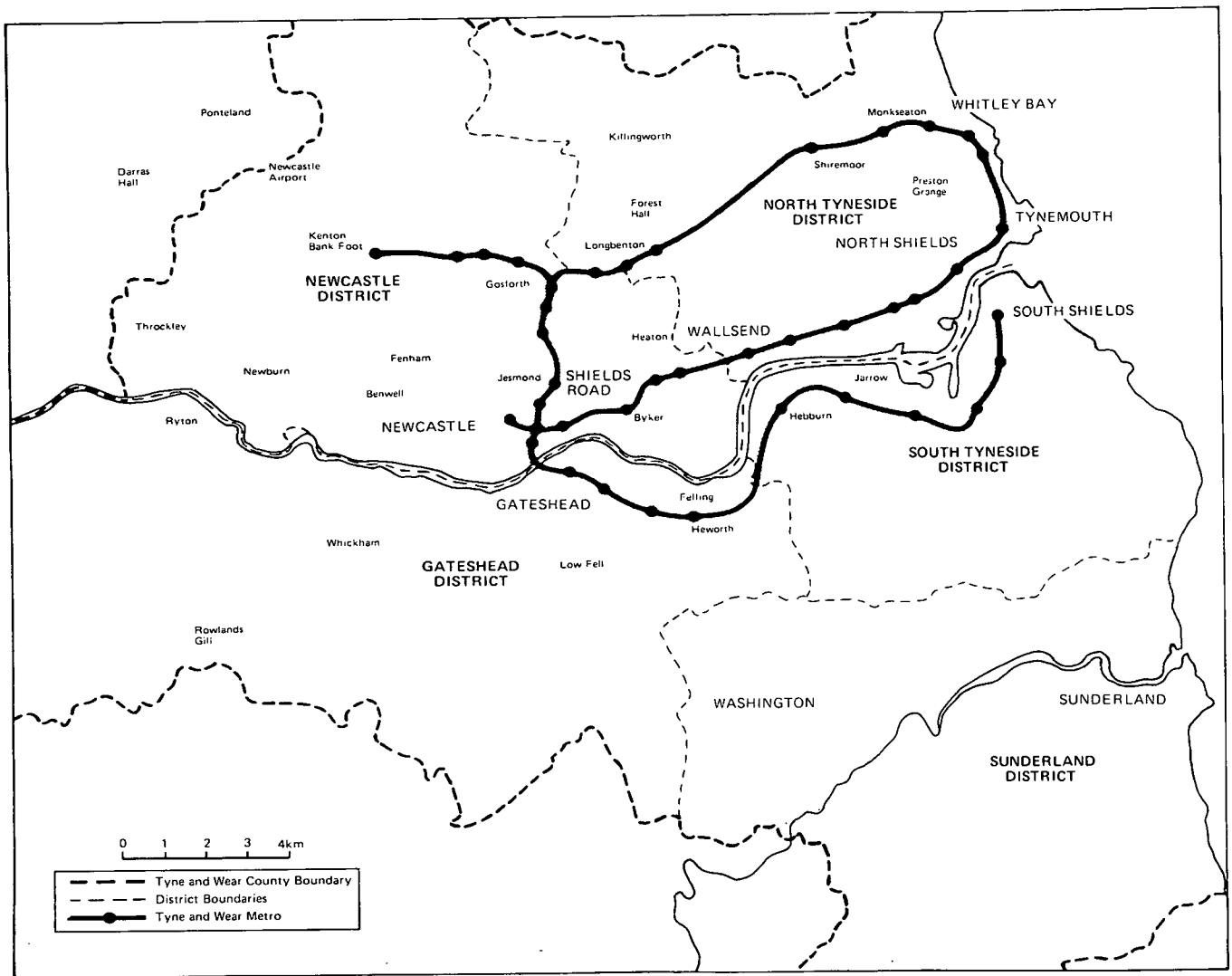


Fig. 1 Tyne and Wear County: main settlements and administrative districts

included a tidying up of services to avoid duplication and the introduction of 100 per cent one person operation which saved staff at a time of labour shortage in the mid 1970s. In order to encourage greater use of public transport, the PTE promoted a range of prepaid tickets, available at a discount on the standard price, which were valid on all bus services in the county and included rail and Metro services and the North Shields—South Shields ferry.

The County Council also operated a fares policy designed to encourage the use of public transport, with fares generally kept in line with inflation, a nominal fare for children and free travel for elderly people and other disadvantaged groups. These policies were felt to be socially necessary in an area with higher unemployment and less affluence than most parts of the country.

The PTE was responsible for the building of the Metro, which was designed and constructed during the 1970s in order to achieve a balance between

roads and public transport. As the Metro opened in stages, a fully integrated system of public transport was created. Many bus services were restructured to provide services to Metro interchange stations, so that the passenger could transfer smoothly to the Metro for the major part of the journey while having the flexibility and area coverage of bus services at one end of their journey. Integration was aided by the range of single and pre-paid tickets, a zonal fares system, and transfer tickets which allowed through ticketing without financial penalty when interchanging between bus and Metro. The integrated system also included the ferry between North Shields and South Shields operated by the PTE and the section 20 supported service between Newcastle and Sunderland operated by British Rail.

Integration of bus services with Metro had proved very successful, and led to an increase in traffic of thirty two per cent over recent years. In a few areas though, some passengers felt in the early days of integration that their services had not improved. This

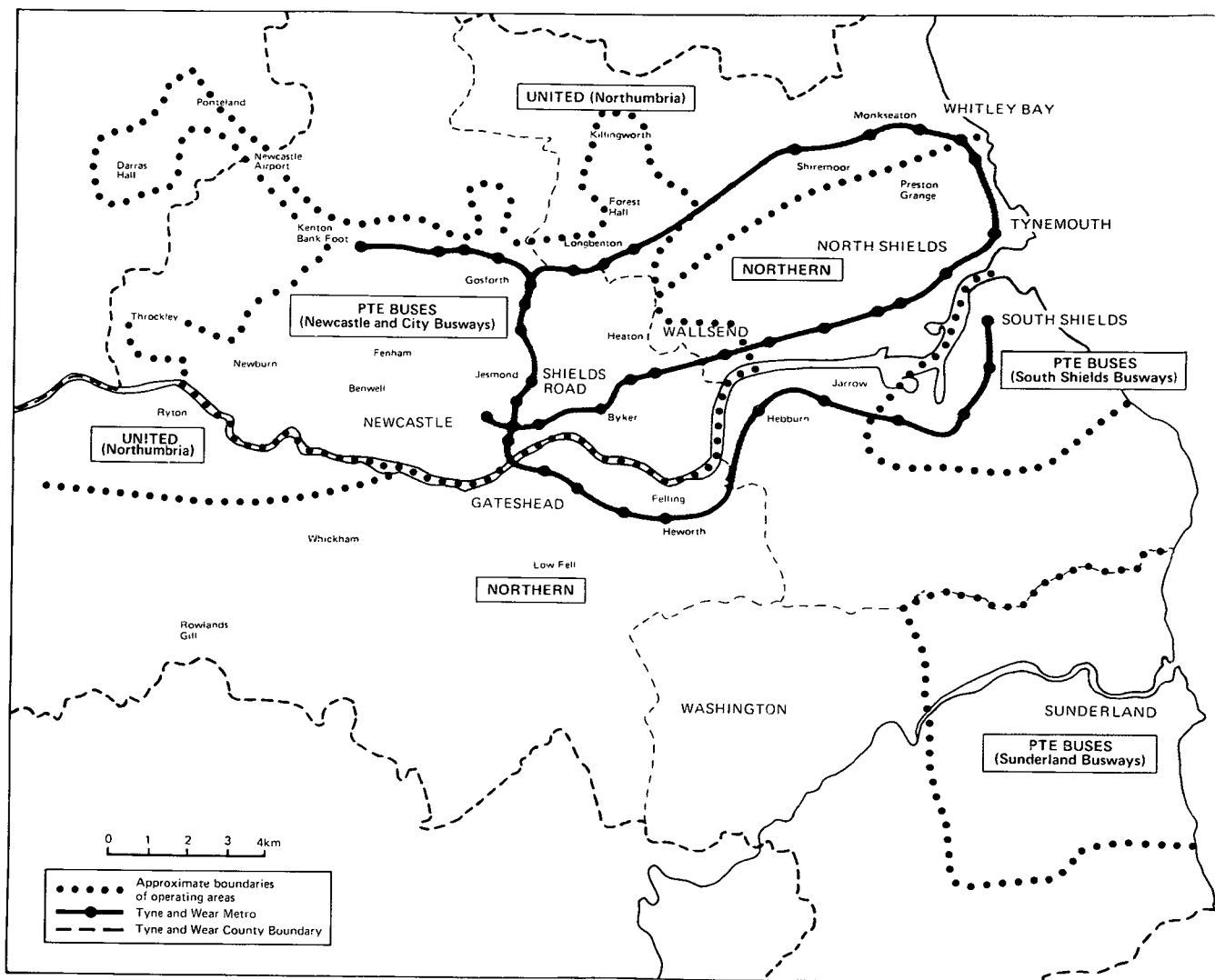


Fig. 2 Tyne and Wear: operating areas of major bus companies

was particularly the case for those who had formerly travelled from the south of the river into Newcastle by bus. Though a small number of cross-boundary services continued to operate through to Newcastle, most passengers now had to change to the Metro at Gateshead, where the deep level of the station and the short 1- or 2-station ride into Newcastle made interchange seem hardly worthwhile. However, the findings of the Metro Monitoring and Development Study ('The Metro Report', TRRL *et al*, 1986) were that although a few travellers became worse off in terms of service provision and travelling times the majority experienced an improvement with the introduction of integration.

The annual total mileage operated by the bus services in Tyne and Wear prior to deregulation (including, for comparability with registrations post-deregulation, schools, works and occasional services and longer-distance services) was 46.4 million miles, of which 40 per cent was by the PTE direct

operation, 59 per cent by the NBC companies, and 1.3 per cent by independent operators. These proportions are illustrated in Figure 3. Figure 4 shows the mileage operated by each type of operator in each of the five districts, and illustrates clearly how the operators had well-defined territories.

3 THE 1985 ACT FROM THE POINT OF VIEW OF THE OPERATOR

3.1 THE OPERATING COMPANIES

Under the terms of the Transport Act, at deregulation the direct bus operations of the PTE and their financial assets were transferred to a new company, wholly owned by the PTA but designed to be financially independent and able to operate in a

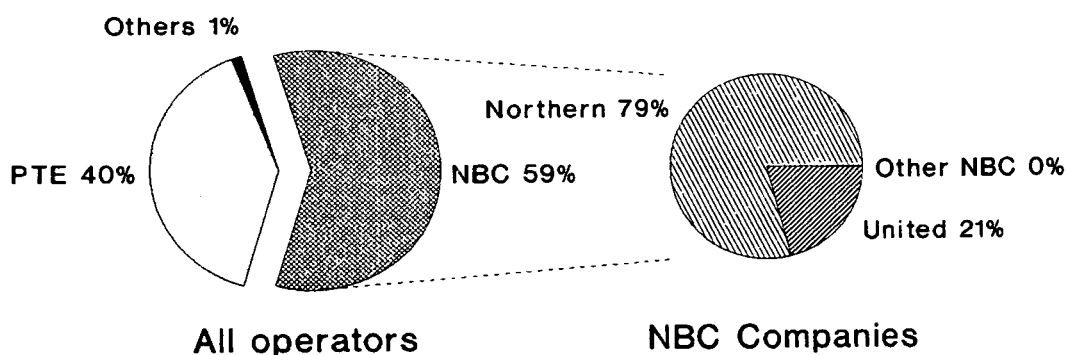


Fig. 3 Tyne and Wear, Operator's market shares, Nov 1985

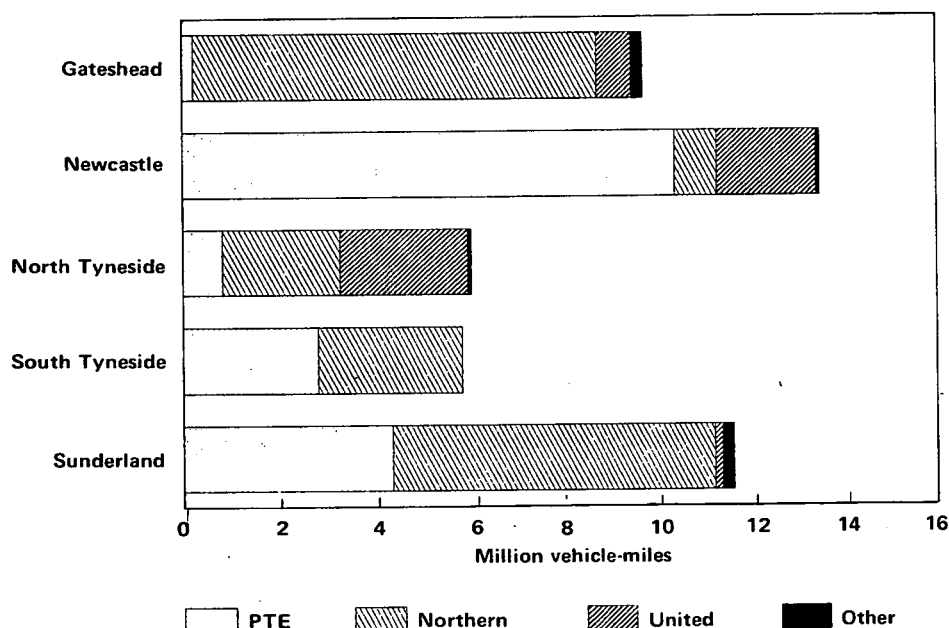


Fig. 4 Tyne and Wear, Operator's market shares by District, Nov 1985

commercial manner. The new company, called Busways Travel Services, was formed into four major operating divisions based on garage location: two operating in the Newcastle area (Newcastle and City Busways) and one in each of South Shields and Sunderland, plus Armstrong Galley and Economic as coaching divisions. The divisions were expected to operate largely independently of each other on account of their geographical separation. A subsidiary of Busways with the trading name of Blue Bus Services was established to operate services in the Ponteland corridor, north-west from Newcastle and over the county boundary into Northumberland.

The NBC companies were sold as independent companies. The Northern General company was renamed Go-Ahead Northern and sold to its management team intact, becoming the largest of

the former NBC companies. United Automobile Services was split, and each component privatised; one company named Northumbria Motor Services was formed to operate services north of the Tyne, in Northumberland and Tyne and Wear, while the other part, operating in the Darlington area of County Durham, continued to use the United name.

3.2 COMMERCIAL REGISTRATIONS

The majority of the initial registrations for commercial services to operate after 26 October 1986 were made either by Busways or by one of the NBC companies. For the most part, these established operators registered routes and services which they had operated prior to deregulation and did not register services outside their traditional territory.

Most of the small independent operators which had operated prior to deregulation registered commercial services which were largely a continuation of their earlier services. There were, however, some instances of expansion by the established independents: Hunter's inaugurated a new Saturday shopping service into Newcastle from their base at Seaton Delaval, Low Fell increased the frequency of their service, and Vasey's of Otterburn introduced a regular service from July 1986 between Newcastle and the satellite towns of Ponteland and Darras Hall, in direct competition with Blue Bus Services.

A number of operators new to local services also registered commercial services which, because practically every part of the county already had some form of bus service, were bound to be competitive with services run by an established operator. As a result, the total number of independents operating in Tyne and Wear rose from 9 to 30, as shown in Table 1.

On the whole, though the independent sector of operation increased substantially (albeit from a very low base), the bulk of the commercial services continued to be operated by one of the three major companies. Total commercial registrations in Tyne and Wear amounted to 70 per cent of the former mileage, with a further 6 per cent of mixed (commercial and subsidised) mileage. The reductions were concentrated at certain times of day, particularly evening, early morning and Sunday services.

In addition to these commercial services, a number of new operators entered the local travel market through the tendering process which, as adopted by Tyne and Wear PTE, was designed to activate competition.

3.3 NEW SERVICES

Of the 16 independent operators registering new services, 7 planned to operate regular timetables of more than 2 journeys per day. Most of these were in competition with major operators. The principal new services were:

Vasey registered a service from Newcastle to Ponteland and Darras Hall along Ponteland Road, in competition with Blue Bus Services, starting in July 1986;

Rochester and Marshall also registered a service from Newcastle to Stamfordham via Ponteland and Darras Hall, in competition with Blue Bus Services and Vasey, but following a different route;

North Tyne Travel, a consortium of Tartan Taxis and Hemsley Coaches, registered a service from Newcastle to Killingworth, providing direct limited stop services and avoiding the Metro interchange at Four Lane Ends;

TABLE 1
Independent Operators in Tyne and Wear

Existing Operators	Veh-miles (thousands) at:	
	1.11.85	1.11.86
OK Motor Services	258	1 121
W H Jolly	163	165
H W Hunter	61	181
Trimdon Motor Services	53	41
Low Fell Coaches	53	103
Wright Bros Coaches	18	10
Vasey's Coaches	12	41
R & M Bissett	4	9
Bell's Coaches	4	4
New Operators		
Hylton Castle Motors		445
Moordale Coaches		249
Northern Eastern		222
R J Hemsley (North Tyne Travel)		96
Michael Franks Coaches		89
Redby Travel		84
Tartan Taxis (North Tyne Travel)		81
Derwent Coaches		77
Rochester & Marshall		41
Rowell Coaches		17
Safari Coaches		16
Stanley Taxis		15
Calvary Coaches		14
Frazer's Minicoaches		6
E Sheen		6
H J Snaith		5
Weardale Motor Services		4
S Armstrong		3
Priory Motor Coach		2
T Gillingham		1
Watson's Tours		1

Northumbria Motor Services and Busways registered similar services between Newcastle and Killingworth;

Hylton Castle Coaches trading as Catch-a-Bus registered services between South Shields and Newcastle via Felling and Gateshead, in competition with Northern General;

Hylton Castle also registered local journeys in South Shields, in competition with Busways;

Several independent operators registered local services in Sunderland;

Low Fell Coaches maintained and extended their existing operation.

In addition to the commercial services described above, a number of new services were introduced in order to serve the MetroCentre, a major out-of-town shopping and leisure complex in southwest

Gateshead. The second and largest phase of the MetroCentre opened immediately prior to deregulation and thus although these services came into operation at about the time of deregulation they are not really associated with it. They are interesting, however, in that some of the MetroCentre services were operated by Busways, which formerly did not operate in the Gateshead area. They therefore represented a minor incursion by Busways into Northern General's formerly exclusive territory.

3.4 COMPETITION WITH METRO

As had been expected, there was an increase in commercial bus services running along the main corridors into Newcastle from areas formerly served by interchange to the Metro, and therefore in competition with it. One main instance of this was in Gateshead, where many Northern General services which hitherto had terminated at Gateshead Metro interchange continued across the Tyne into Newcastle. Another was at Four Lane Ends, where a number of new services were introduced between the suburb of Killingworth and other north-eastern areas and the centre of Newcastle. These services, operated both by Busways and by independents, bypassed the interchange at Four Lane Ends and thus did not offer their passengers the opportunity of transferring to the Metro.

However, at Heworth interchange, on the south side of the Metro network, the concept of interchange services was partially preserved; most of the services operated by Go-Ahead Northern which formerly used to terminate there continued to do so on a commercial basis. Indeed, a small number of new routes were registered, linking the Heworth interchange with the centre of Washington where there were connections with local town services.

3.5 FARES ON COMMERCIAL SERVICES

The PTE was able to organise a continuation of the countywide Travelticket scheme, which involved reaching agreement on fare levels with the operators taking part in the scheme. This was achieved through the medium of the Operators' Panel, set up to work with the PTE, and the agreement was registered with the Office of Fair Trading. Operators were, of course, free to remain outside the Panel if they wished. More recently, the Travelticket scheme has been administered on behalf of the operators by Network Travel Ltd, a company set up for the purpose.

Fares in Tyne and Wear were raised substantially in April 1986, prior to deregulation, the first fares increase for three and a half years. The Operators' Panel decided not to make any further changes at the time of deregulation, although there was an increase in line with inflation in April 1987.

The range of pre-paid tickets was maintained, but Busways additionally decided to introduce their own pre-paid 'Faresaver' tickets, offering unlimited travel within given areas but valid on Busways' buses only, at a slightly lower price than the PTE administered Travelticket. This was a move to encourage 'brand loyalty' in the face of competition from other operators, particularly Tyne and Wear Omnibus Company (see Section 5) and from the Metro. Initially Busways continued to accept Traveltickets as well as their own Faresavers, but in August 1987 they partially withdrew from the Travelticket scheme on commercial services in Newcastle.

The concept of system-wide tickets was further eroded by the decision of the operators not to continue with the single-journey Transfare ticket which allowed passengers to change buses without having to buy another ticket. After deregulation, such tickets were generally only accepted for longer distance journeys to Newcastle involving a bus-Metro interchange, usually where the operator concerned did not provide direct services.

More detail of the fares system in Tyne and Wear and the changes which occurred over the deregulation period are reported in section 5.

3.6 ANALYSIS OF VEHICLE-MILEAGE AS AT DEREGULATION

The commercial (including mixed tender) mileage registered for operation after 26 October 1986 was 35.6 m vehicle-miles, representing 77 per cent of that prior to deregulation. As described earlier, almost all the mileage registered was by one of the three main operators Busways, Northern General or Northumbria, who registered 72, 57, and 89 per cent of their former mileage respectively. About 2 per cent of the commercial mileage was registered by the existing independent operators and another 3 per cent by newcomers to local bus services.

As expected, the pattern of commercial registrations showed variations by time of day. Figure 5 illustrates how, although the commercial registrations showed a reduction in mileage for all periods of the day, the main reductions in mileage were concentrated in the early mornings, evenings and Sundays.

However, there were marked differences between different parts of the county, as shown in Table 2 and in Figure 6, which shows vehicle-mileages by time of day for Newcastle district alone. In Newcastle, and to a lesser extent in Sunderland, the operators registered nearly all their previous daytime mileage, while in the other districts only around three-quarters was registered. Cuts in mileage were concentrated, as noted above, in the evenings and Sundays, though even here Newcastle was best served. The reduction in early morning mileage was, however, greatest in Newcastle.

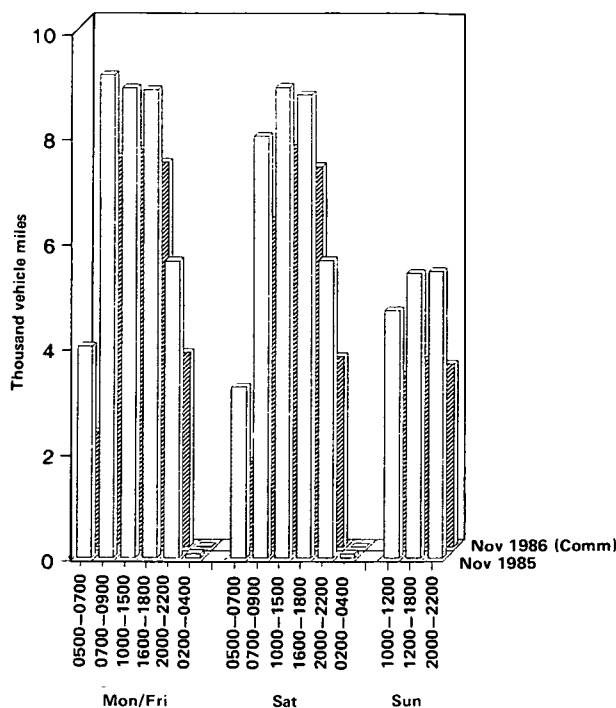


Fig. 5 Tyne and Wear, Hourly vehicle mileage, Before and Commercial

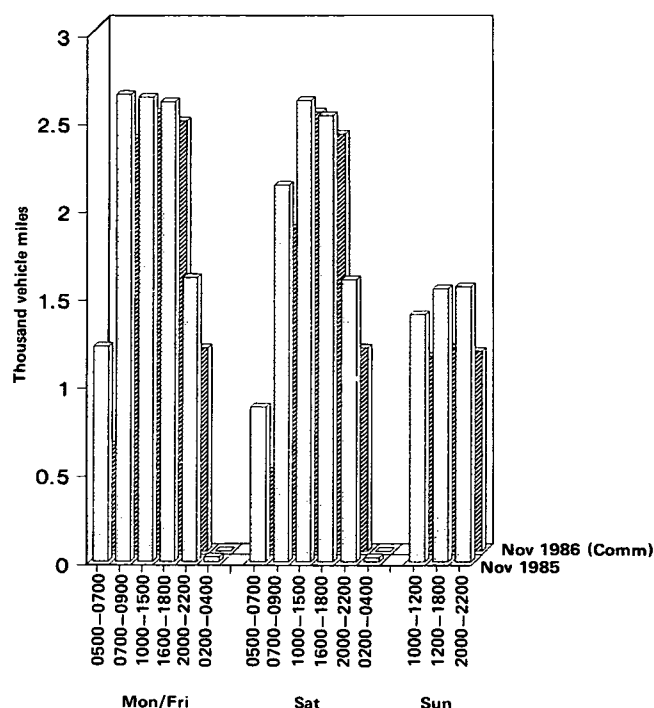


Fig. 6 Newcastle—Hourly vehicle mileage Before and Commercial

TABLE 2

Percentage of previous mileage registered commercially (including mixed tender), by district and time of day

	M—F Early	M—F Offpeak	M—F Evening	Sat Midday	Sun pm
Gateshead	51	78	67	79	70
Newcastle	49	94	71	95	74
North Tyneside	68	76	56	76	57
South Tyneside	52	74	57	74	51
Sunderland	58	88	67	87	64

Following the registration of commercial services, the PTE examined the network and identified those extra services which it wished to provide by subsidy. The policies and procedures under which services were put to tender and contracts awarded are described in Section 4. The PTA's general policy was to preserve traditional links and frequencies and to maintain the integrated transport system as far as possible. This meant, in practice, that many of the former services which had not been registered—mainly early, evening and Sunday services and links in areas of low patronage—were replaced by subsidised services. A number of Metro feeder services, especially at Four Lane Ends, were also restored with the objective of preserving the interchange facility. By terminating at interchanges rather than running through to Newcastle, the aim of making best use of the available finance for tendered routes was met.

As a result of this process, the total vehicle-mileage operated in Tyne and Wear immediately after deregulation was, at 47.1 m, much the same as before, 46.4 m. This overall total, however, conceals some differences; around 5 per cent of the previous mileage was not restored, while the total contains mileage for a number of new services which did not operate previously including additional mileage involved in operators competing with Metro.

The mileages registered by each of the major operators, compared to their mileages before deregulation, are shown in Figure 7. It can be seen that Busways and Northern each experienced a fall in vehicle-mileage, the fall being greater for Northern who registered a smaller proportion of their original mileage as commercial than did Busways. United/Northumbria (the mileage shown is the total

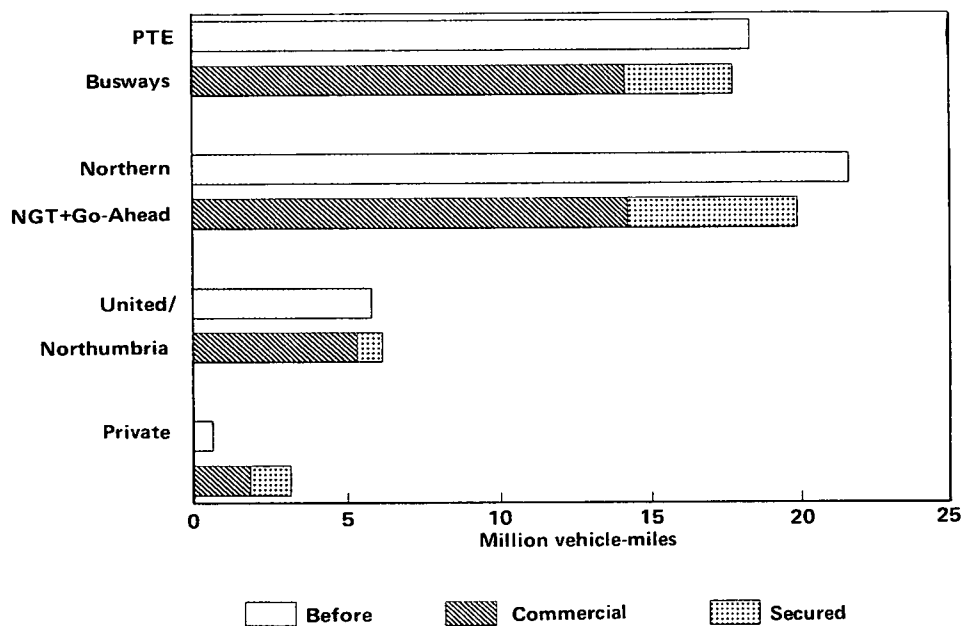


Fig. 7 Tyne and Wear, Vehicle miles by operator/service type
Nov 1985 and Nov 1986

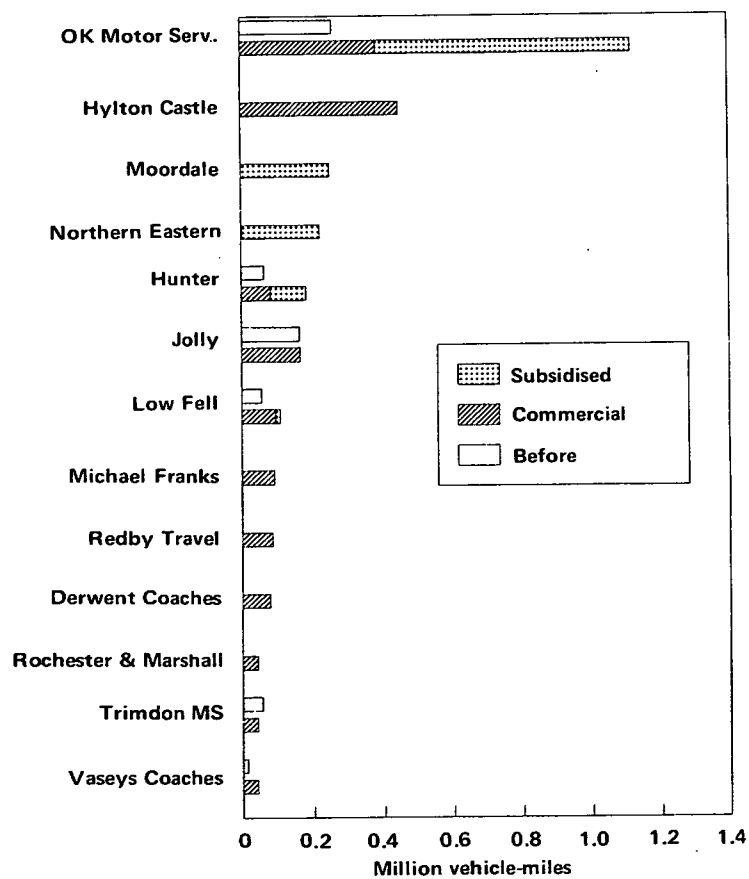


Fig. 8 Tyne and Wear, Vehicle-miles, large private
operators (over 40,000 veh-miles per annum),
Nov 1985 and Nov 1986

mileage in Tyne and Wear registered under either company name), on the other hand, experienced a slight increase in mileage, due to the introduction of a number of minibus routes in the Whitley Bay area operating from January 1987 at a higher frequency than the previous service. United/Northumbria also registered much of its previous mileage commercially.

The most striking feature of the figure is the increase in mileage by independent operators. The commercial mileage registered by independent operators was itself more than double that operated prior to deregulation, a consequence of the new services noted under 'Commercial Registrations' above. In addition, independent operators were successful in winning contracts for secured services, in particular OK Motor Services (an established operator based in County Durham), Moordale and Northern Eastern. The last-named is an interesting example, being a partnership formed by a group of former NGT drivers to take advantage of the Act as a consequence of the redundancies following the reorganisation of the NBC company.

Figure 8 shows the mileages operated by the largest of the independent operators, and illustrates the range of sizes of operation with OK Motor Services

being the major operator. However, while there was undoubtedly a substantial increase in operations by independents following deregulation, they still constituted only a small fraction of the total market, which continued to be dominated by the three major operators, as shown in Figure 9. Independent operators' share of subsidised mileage was more than double its share of commercial mileage, mainly at the expense of Busways (Figure 10).

The geographical distribution of services, and the fact that for the most part the operators remained within their territories, is illustrated in Figure 11, which shows the vehicle-mileage registered for each district, compared to the mileages before deregulation. One interesting feature is the small increase of mileage registered by Northern General in Newcastle, resulting from the extension of services which formerly terminated at Gateshead Metro across the river into Newcastle and the changes to services re-routed to serve the MetroCentre. Likewise, after deregulation there was a small mileage operated in Gateshead by Busways where there was none before, resulting from Metrocentre services and from some services extended from Newcastle to Gateshead Metro. In nearly every other case the mileage registered by the established operators

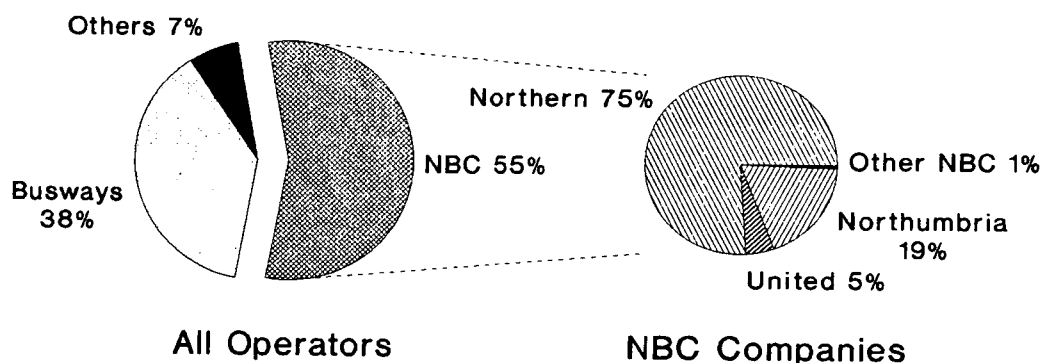


Fig. 9 Tyne and Wear. Operator's market shares, Nov 1986

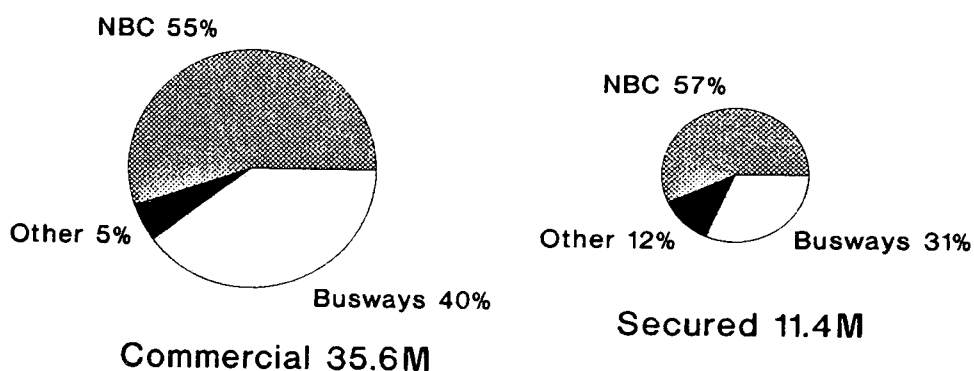


Fig. 10 Tyne and Wear. Market shares by service type, Nov 1986

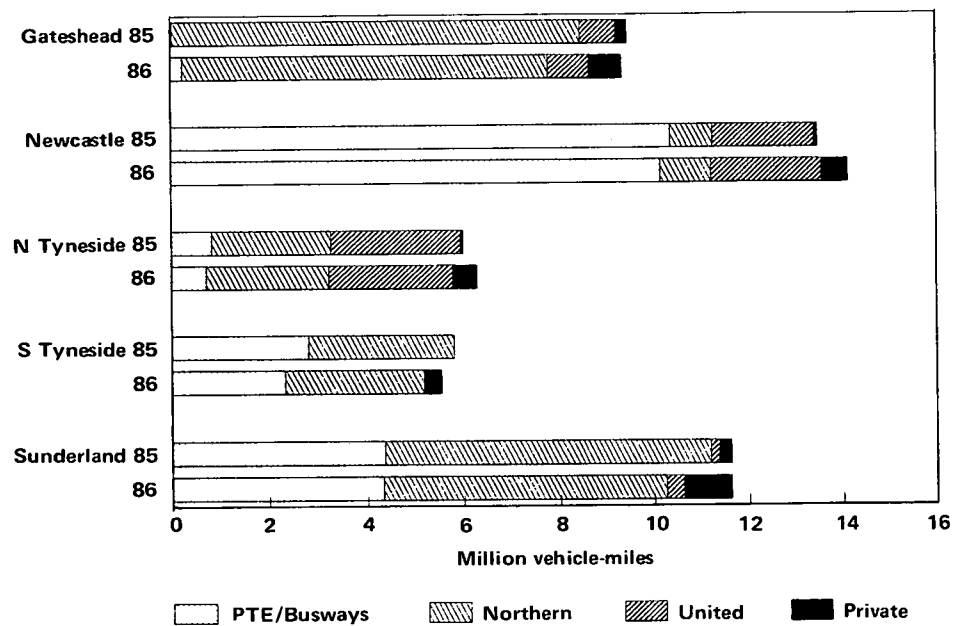


Fig. 11 Tyne and Wear. Vehicle-miles by district/operator type
Nov 1985 and Nov 1986

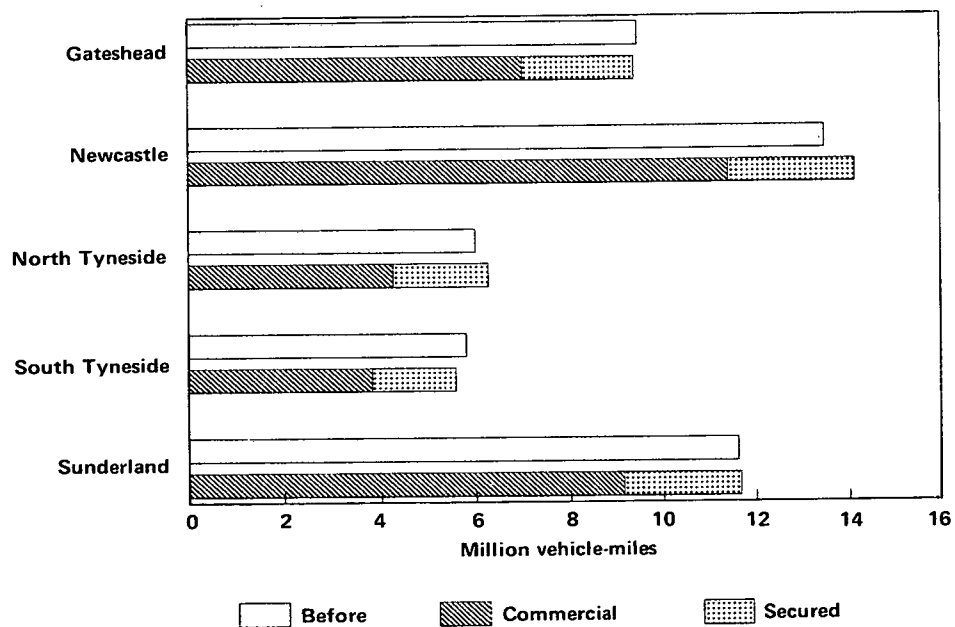


Fig. 12 Tyne and Wear, Veh-miles by district and service type
Nov 1985 and Nov 1986

remained the same or decreased, while the mileage by independents increased substantially.

Figure 12 gives a breakdown of vehicle-mileage by district and service type, and shows how the proportion of secured mileage required in Newcastle was less than other districts.

Figure 13 shows vehicle-mileage by time-of-day, compared to that prior to deregulation. It is apparent from the figure that there were more services during the day on weekdays and Saturdays than before deregulation; this is because most of the 'lost' mileage was restored by contract, while there were a number of new services in addition. Early morning and evening services were reduced, while Sunday mileage remained much the same. There were greater increases in Newcastle than in Tyne and Wear generally, as illustrated in Figure 14, which is similar to Figure 13 but shows mileage by time-of-day in Newcastle district alone.

Figure 15 shows the breakdown of commercial and secured vehicle-mileage by time-of-day. It is interesting to note that the greatest proportion of secured services occurred in the peak periods, due to operators having cut back on services which provided extra capacity, particularly for schools services, at above-average expense.

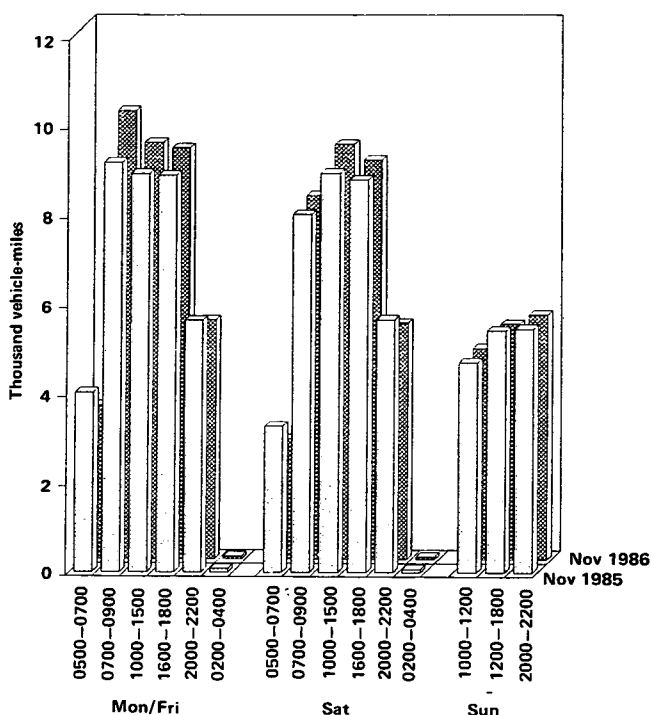


Fig. 13 Tyne and Wear, Hourly vehicle mileage Nov 1985 and Nov 1986

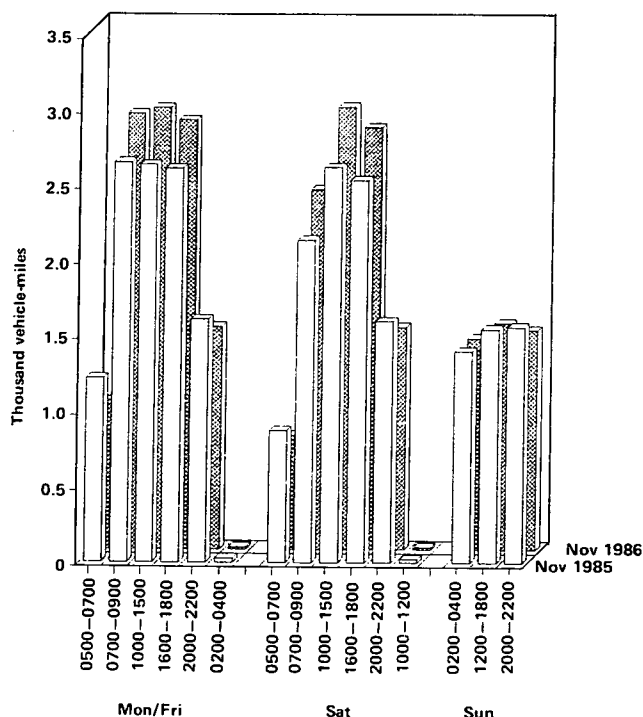


Fig. 14 Newcastle - Hourly vehicle mileage Nov 1985 and Nov 1986

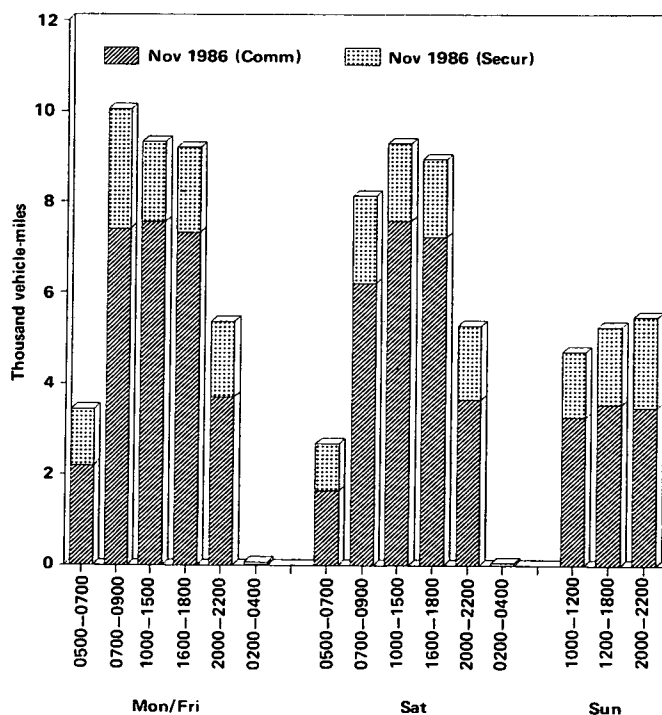


Fig. 15 Tyne and Wear, Hourly vehicle mileage by service type

4 THE 1985 ACT FROM THE POINT OF VIEW OF THE PTA AND PTE

4.1 POLICIES FOR DEREGULATION

4.1.1 The Transition to deregulation

The 1985 Transport Act required the PTE, in the space of 12 months leading up to deregulation, to undergo a complete restructuring and reorganisation, as a result of the requirement to reconstitute the direct bus operations as a separate, financially-independent company. The policy objectives of the PTE were redefined for the post-deregulation situation by the PTA, itself a body new to public transport operating in a new legislative framework.

In preparation for the separation of the bus operations, a shadow Bus Company Management was established in October 1985, and a shadow Board evolved through to April 1986, when the County Council was abolished and the PTE came under the newly-constituted PTA. The shadow management team designed, prepared and submitted the PTC's commercial registrations by 28 February, taking into account the management information available to the PTE.

Independently of the PTE, the Shadow Board prepared a Business Plan for the new PTC, taking account of the assets and facilities which would be available to the new company, and reviewed staffing levels and operated a voluntary redundancy scheme.

Alongside the preparations for the establishment of the new company, the PTE set about defining its objectives for its new role. At the outset, the PTE had two main policy aims: to protect the interests of the passenger in a commercial environment, and to provide for cost-effective and efficient integrated and co-ordinated public transport within a deregulated environment, having due regard to the well-developed, integrated, operational framework which already existed in Tyne and Wear.

4.1.2 Policies for secured services

In the PTA's policy statement, published under Section 57 of the new Act, these general aims were expanded into a set of objectives for the provision of secured (subsidised) services to supplement the commercial network. These were:

- to provide appropriate levels of labour force mobility;
- to meet the travel requirements of all sections of the community including the elderly, disabled, children and the less well-off;
- to provide adequate mobility to medical, educational, community and shopping facilities;

- to provide appropriate services to deprived areas, particularly inner city areas.

In the initial period of deregulation, the provision of secured services was related, as far as possible within available resources, to the preservation of traditional links and service frequencies, in order to maintain the benefits of integrated services within the constraints on the PTA budget and to protect existing passengers.

In addition to its objectives of maintaining the network of services, the PTA required the PTE to promote services by providing (as far as possible) integrated inter-operator ticketing facilities, co-ordinating routes and timetables to provide a coherent network, and providing travel information.

The PTE also administered the concessionary fares scheme, and, since the Metro and ferry services remained in PTE hands following deregulation, retained an interest as a significant public transport operator. Tyne and Wear PTE also provided some rail services under a Section 20 agreement with British Rail.

4.1.3 Financial constraints

The provision of secured services had to take place alongside provision for Concessionary Travel and Metro support within the available resources. The Expenditure Level finally determined for the financial year 1986/7 was £61.8 m and that for 1987/8 was £57.8 m. A large part—around 30 per cent—of the expenditure requirement is accounted for by costs not associated with the bus network, including loan charges, support for the Metro, and costs of the Tyne Tunnel for which the PTA is also responsible, so reducing flexibility in providing secured services.

The effects of deregulation on PTE finances are discussed in Section 8 of this report.

4.2 FARES AND TICKETING POLICIES

As an operator (Metro and ferry) itself, the PTE joined with a consortium of bus operators in establishing an Operator's Panel to organise, administer and control pricing for the existing county-wide travel ticket scheme. In this scheme, registered with the Office of Fair Trading, county-wide through ticketing, introduced in 1975, remained available to passengers. All operators in the county participated in the scheme and accepted the PTE Traveltickets, although, as noted earlier, Busways also introduced their own scheme.

It was considered that, over the course of time, increasing competition might cause a breakdown of the countywide arrangements; indeed, although Busways continued to accept county-wide tickets,

they withdrew from the more localised tickets in the PTE scheme selectively in Newcastle in August 1987 and subsequently accepted only their own Faresaver tickets. However, the PTE response to such a breakdown, if it happened, would be to continue with a Travelticket scheme for its secured services and for Metro and rail services, and invite any other operators who wish to do so to participate.

In addition to its influence through the Operators' Panel, the PTE is able to control fares on its secured services, where the fares to be charged are laid down as a condition of contract.

4.3 CONCESSIONARY FARE POLICIES

The PTA published its concessionary fares scheme following consultations with District Councils and local operators. While the arrangements for reimbursement to operators were reviewed as part of the requirements of the Act, and some extra groups were brought within the scope of the scheme, there was little change as far as the majority of passengers were concerned.

Under the scheme, free travel continued to be provided for elderly and disabled people. Reduced fares for children and young persons in full-time education, previously subsidised as part of general revenue support, were brought into the concession scheme. As a result, all children aged 5–13 and children resident in the county aged 14–16 can travel at a flat fare of 10 pence. County residents aged 16–18 in full-time education are entitled to purchase a new 'Teen Travelticket' giving the facility of an off-peak all-zones Travelticket at a discounted price.

Reimbursement to participating operators is calculated on the basis of agreed rates per boarding and per passenger-mile for each category of passenger. Sample surveys are used to determine the actual boardings and passenger-mileage for each company. The use of agreed rates rather than actual fares means that reimbursement payments do not automatically increase as a result of fare rises, but must be renegotiated.

4.4 SECURED SERVICES

Tenders for secured services in Tyne and Wear were let as one batch. Although the Transport Act had intended that the tendering process would lead to greater competition in the provision of bus services, the PTE reported at the time that the level of competition for the initial tenders did not appear as great in Tyne and Wear as in other PTE areas. In fact, it was found that 81 per cent (133 out of 165) of the initial batch of tender invitations attracted only one bid. In no case did more than one of the established operators bid for a service, nor did any established operator bid for services outside its traditional territory. Indeed, when routes of two companies (NGT and United) were offered in one tender for the purposes of efficiency, the two operators insisted on tendering separately. This had cost implications in that an extra vehicle was required.

In Tyne and Wear, tender prices were sought on both 'Minimum Cost' contracts, whereby the PTE pays the full cost of the service and collects all revenues, and 'Minimum Subsidy' contracts where the operator keeps the revenues and receives a subsidy to cover the operating deficit. In general, minimum subsidy contracts were used on routes closely related to a registered commercial service, either route extensions or frequency augmentation, while other routes were let as minimum cost contracts. This is in contrast to most other PTE areas, where only 'Minimum Subsidy' contracts were used.

In general it was found that invitations to tender for minimum cost contracts attracted lower prices than minimum subsidy contracts, and also encouraged greater competition, because with such contracts it is the PTE rather than the operator which takes the risk of revenues not being as high as estimated.

The distribution of the contracts awarded as at deregulation was as shown in Table 3.

Subsequently to deregulation, Tyne and Wear PTE made increasing use of Minimum Cost contracts,

TABLE 3
Contracts for Secured Services
26 October 1986

Operator	No of Contracts		Mileage	
	Min Cost	Min Subs	Min Cost	Min Subs
Busways	20	40	2.3 m	1.4 m
Northern General	35	62	3.5 m	3.6 m
Northumbria	3	5	0.7 m	0.1 m
Independents	14	1	1.4 m	0.1 m
Totals	72	108	7.9 m	5.2 m
Overall Total	170		13.1 m	

with the result that a year after deregulation 60 per cent of contracts for secured services were of this type.

Tyne and Wear also made use of a novel form of contract known as 'Miscellaneous Workings' for scholars, works and similar services. Tendering for these services was done to allow maximum operational flexibility, with operators being required to make buses available for defined periods of the day but with decisions on usage and route being left to the discretion of the PTE. In this way, any changes required by Local Education Authorities could be catered for at very short notice, whereas under the regular form of contract it would be necessary to re-tender. In all, five Miscellaneous Workings contracts for 133 vehicles were let.

4.5 PROMOTION AND PUBLICITY

Prior to deregulation, Tyne and Wear PTE maintained a high level of publicity about public transport services in the county, by promoting the advantages of the integrated transport system, producing comprehensive timetable information covering all bus, Metro, rail and ferry services, and advertising facilities such as the travel ticket and concessionary fare schemes.

The intention of the 1985 Act was that it would become the responsibility of the operators themselves to publicise services and produce timetables. Many operators—especially the established companies—did in fact publicise their own services, making particular use of announcements in the press to advertise the changes. Nevertheless, the PTE saw a role for itself in supplying information about the totality of services which was consistent with its objectives of providing for integrated and coordinated public transport and protecting the interests of the passengers. In addition, the PTE also had a clear interest, as a provider of both direct (Metro and ferry) and indirect (secured and rail) services, in promoting the use of these services.

The PTE's promotion and publicity campaign had three main objectives:

- i. To make the public aware of the changes to services which were about to take place. This was done through a programme of press, radio and television advertisements. The PTE also published—and continues to publish—a newspaper 'On Route' using an attractive layout with coloured photographs to publicise forthcoming changes, with full timetables of new services where appropriate. The paper also contains articles about topics of more general interest concerning public transport but not specifically arising from deregulation, such as measures being taken to combat fare evasion and vandalism, plans for Metro extensions, promotion of long-distance coach services,

transport arrangements for the Great North Run, and so on.

- ii. To publicise the role of the PTA and PTE in providing secured services. To this end, secured services were clearly marked as such on vehicles, bus-stop signs and in the timetables. The PTE also carried out public consultation exercises and produced literature detailing its policies and expenditures on secured services. During 1987, in order to emphasise its new role the PTE adopted a new logo to replace the old design which had been in use since the formation of the Tyneside PTE.
- iii. To ensure the availability of comprehensive timetables and ticket information. Although as noted above some of the operators publicised their own services, the PTE decided that it was essential for the public to have a much more comprehensive set of timetables covering all operators. These took various forms; in addition to the traditional timetable booklets produced for each area of the county, there was a set of timetable leaflets for particular areas, county-wide maps and publication of information about services and tickets in 'On Route'. The PTE also provided a 'Travel Line' telephone enquiry service which was, and continues to be, well used.

5 EVENTS AT DEREGULATION AND AFTER

5.1 THE FIRST FEW WEEKS

The revised bus services described in the preceding sections commenced operation on Sunday 26 October 1986. The initial secured service network reflected the gaps in the commercially registered services in order to retain continuity of provision where possible. But, while as a result the overall level of service provision in Tyne and Wear was much the same as before, there were many changes to services which affected a large number of passengers, and a number of new services were introduced. It was therefore inevitable that there should be some confusion, especially in the first few days.

Tyne and Wear PTE closely monitored the operation of the new network, and in its report to the PTA at the end of the first month highlighted three areas of concern: (i) reliability and congestion, (ii) routes and timetables and (iii) fares and ticketing.

5.1.1 Reliability and congestion

The most important problem that had occurred was the initial failure of operators to run to their

registered timetables. Part of the reason for this was that drivers and passengers were unfamiliar with the new routes and timetables and that the timetables themselves were tightly drawn and did not allow 'slack' for making up time after a delay.

Another cause of unreliability was traffic congestion. Particular problems were experienced in South Shields Market, in Newcastle city centre, and on the approaches to the Tyne bridges where any delay has a detrimental effect throughout the city. Some of the congestion could be blamed on long-term roadworks and changes to one-way schemes which were introduced prior to deregulation.

But much of the congestion in Newcastle could be attributed to the buses themselves, partly because of the extension of routes which had formerly terminated at Gateshead Metro across the busy Tyne bridges into Newcastle, and partly because there were many more buses moving and stopping in the city streets. Traffic congestion was also made worse by an increase in car travel, thought to result from former bus passengers taking to their cars and from reduced parking charges.

In order to alleviate these problems, the city council considered submitting a proposal to the Traffic Commissioner asking for bus services in the city centre to be reduced to their pre-deregulation levels and increasing integration by terminating services at Metro interchanges. However, as the new network settled down, this course of action was not pursued, although by the first anniversary of deregulation, with an increase in competition in Newcastle, concern was again growing.

5.1.2 Routes and timetables

It was apparent from passenger response—including, in a few cases, petitions to the PTE—that certain parts of the network failed to meet the needs of all passengers and that certain journeys could not be made that had been available previously. The PTE's response was to bring these deficiencies to the notice of the operators in the hope that they could be remedied after the freeze period on new registrations ended on January 26 1987. In any case, the PTE intended to review the provision of secured services at that time. In a few cases, services were altered during the freeze period using the Traffic Commissioners special powers with the support of the PTE.

In cases where it appeared that, despite the wide publicity given to the service changes, there were special problems of passengers and drivers being unfamiliar with services, additional localised publicity was provided where possible. There were also some problems with capacity provided at peak periods, particularly in the Sunderland and Gateshead areas, which were resolved by the operators providing duplicate services.

5.1.3 Fares and ticketing

Although fare levels, the concessionary fare scheme and county-wide Traveltickets remained generally intact, there were two areas of concern.

Firstly, the Transfare network represented a major reduction in the facilities available compared with the commercial agreement that had existed under the pre-deregulation management committee. In the deregulated environment transfer tickets could only be established as a result of commercial agreements between operators, and as each sought to optimise its own position relative to others Transfare availability became much reduced. After deregulation, Transfares were only available on certain bus-Metro interchange journeys, usually where the operator concerned did not operate direct services. Northern also offered through bus-to-bus tickets on their own services in the south of the county.

On other journeys, passengers needed to buy another ticket, instead of using Transfare tickets. This brought a number of complaints about the additional cost of journeys and resulted in passenger confusion. There also appeared to be some confusion among drivers about on which services Transfares were valid.

Secondly, a degree of confusion was also caused by Busways introducing, at short notice, their own Faresaver discount ticket in competition to the county-wide Travelcard. Such tickets were, of course, only available on Busways' own services, thus causing the public considerable difficulty in identifying services where Faresavers were available and those where they were not, particularly when a service might be operated commercially by Busways during the day and by another operator on contract in the evening.

5.1.4 Press reports

Local press response at the time of deregulation tended to be critical, and concentrated on the difficulties and confusion caused. The following examples highlight the issues which frequently appeared:

- i. The dispute between TWPTE (representing the operators) and Busways over the Faresaver ticket, with the PTE claiming that Busways were misleading customers by advertising their ticket 50 pence cheaper than the PTE Travelticket but not clearly stating that its use was limited to Busways' services.
- ii. Industrial relations problems over new rostering arrangements which, drivers claimed, would result in an extra 5 hours work per week for less money. A driver's wife was reported as saying that her husband was working 12 hour shifts with risks to his health and his passengers.

- iii. An office worker feared for her job because the Killingworth to Newcastle bus was often late or did not run.
- iv. 700 residents—mainly pensioners—and workers claimed to have been left stranded by the cutting of Services 34 and 35.
- v. The PTE expected that the re-routing of buses past the Metro interchanges would result in a loss of 20 per cent of the patronage on Metro and £2 m in revenue.
- vi. Newcastle City Council were concerned at the extra workload and cost of obtaining details of routes and services from the Traffic Area Offices.
- vii. Rate-capped North Tyneside Council might not be able to afford bus passes for scholars as operators increased costs.
- viii. Police cited a reduction in evening bus services as a possible contributory factor in late-night violence.

5.2 CHANGES TO THE NETWORK IN JANUARY 1987

On 26 January 1987, the freeze period on new registrations and amendments ended, and operators became free to register whatever services they wished, subject only to giving 42 days notice. Most of the service changes which were made on that date were fairly minor adjustments to frequencies and running times, with the intention of slackening timetables and improving reliability. There were, however, some changes in linkages and structure of routes, which, together with the great number of minor changes, added up to a widespread change in the network.

There were also some more substantial changes. Busways introduced shuttle services to the Metrocentre from Newcastle, effectively competing with Northern's services from Gateshead. In the Whitley Bay area, Northumbria introduced 5 new minibus services. In South Shields, Busways made a number of changes to their timetables in response to competition from the new Catch-a-bus service run by independent Hylton Castle. In the Houghton-Hetton areas of Sunderland, Northern introduced two new minibus services intended to 'cream off' some of the traffic from a secured route which had been won by OK Motor Services from Northern. The PTE was in some difficulty about this route because, while they did not wish to subsidise a competitive service, the new route did not satisfy all the requirements of the secured route.

There were a number of adjustments to services on competitive routes. In general, Busways had responded to the threat of competition; Rochester and Marshall, Vasey and Hylton Castle all met increased competition from Busways as a result of

retimings and frequency changes. Vasey's increased their frequency from 1 to 2 per hour between Newcastle and Ponteland. Other independent operators continued to run their services with little change.

5.3 EVENTS DURING 1987

5.3.1 Changes to services

It has already been noted that the major feature of the end of the freeze period in January 1987 was the large number of minor changes to bus services, generally in the form of slight timetable and frequency adjustments made in order to relax some of the tight constraints on running times. This trend, of a large number of small changes, continued after January—and indeed has shown every sign of becoming a permanent feature.

In most cases the changes were slight, being made in order to improve reliability or to adjust services to demand, but also over the months there was a distinct move towards the introduction of small additions to the network. In many cases the additions were made at the PTE's suggestion, with operators agreeing to improve the service to certain areas or at certain times of day by means of adjustments to their commercial services rather than by bidding for a tender. As a result, the vehicle-mileage for the county as a whole crept up slowly, so that a year after deregulation the total was 52.2 m (Figure 16).

The growth in vehicle-mileage by district over the first twelve months of deregulation is shown in Figure 17. It can be seen that the greatest growth occurred in Newcastle, due to the new services there and the response of the established operators.

A number of new operators (Anderson, A-Line and Tyne and Wear Omnibus) came into the market during 1987, and several of those who were operating in October 1986 (Hylton Castle, Vasey, OK, Franks and Redby) increased their services. Newcomer New Jesmond Minicoaches introduced a short-lived service from Gateshead to Metrocentre, and the North Tyne Travel consortium ceased operating (see below). The changes to independent operators' mileages are illustrated in Figure 18.

5.3.2 New services

Among the changes which took place over the first year was the introduction of a number of new services. The opening of the Metrocentre in Gateshead has already been noted as the reason for some new services, and during 1987 the number of buses serving the Metrocentre increased. Both Busways and Northern provided minibus links to the Metrocentre—Busways from the centre of Newcastle and Northern from Gateshead Metro interchange—so these services constituted one of the few examples

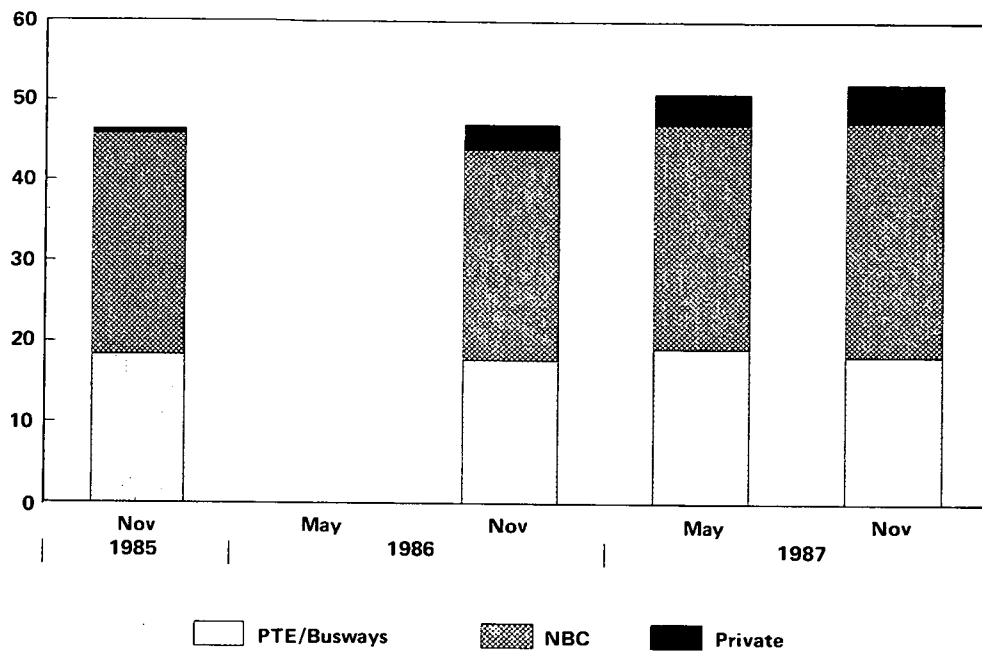


Fig. 16 Tyne and Wear, Total vehicle mileage
Nov 1985–Nov 1987

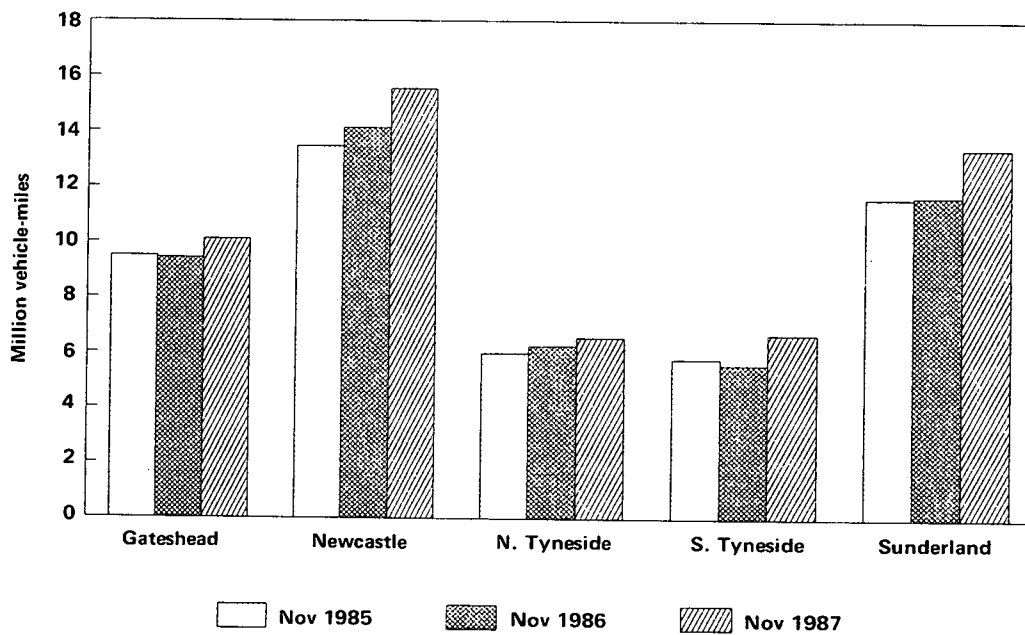


Fig. 17 Tyne and Wear, Vehicle-miles by district
Nov 1985–Nov 1987

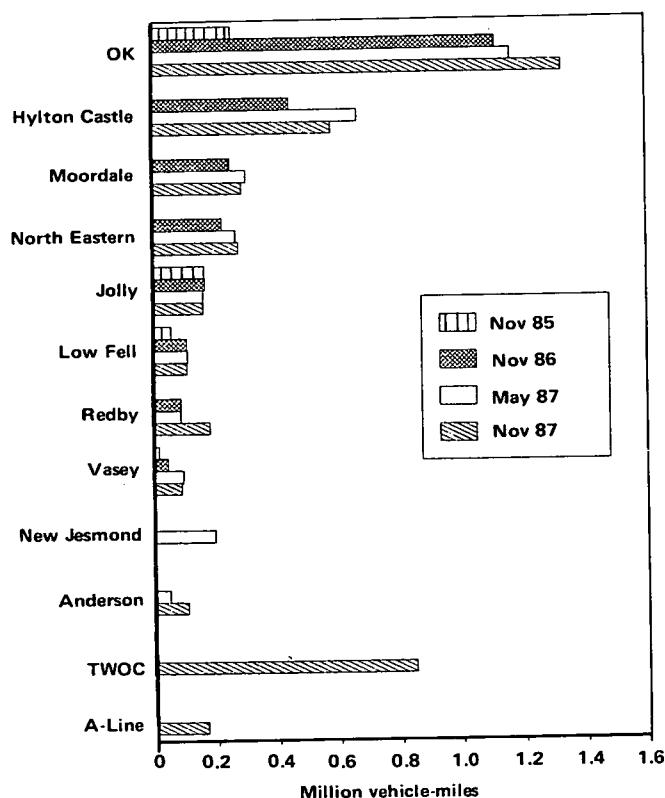


Fig. 18 Tyne and Wear, Growth of vehicle mileage, Large private operators

where two large operators served essentially the same market (though from two points).

The other main respect in which the large operators provided new services was in the introduction of minibuses. In particular, Northumbria extended their minibus network in the Whitley Bay area, introducing new services and altering some routes after complaints that some of the roads used were not suitable. However overall minibus mileage in Whitley Bay was reduced because of cuts in frequency. All the main operators ran minibus services by the end of the first year of deregulation.

5.3.3 Competition

The smaller operators in Tyne and Wear were more active than the established companies in introducing new commercial services, many of them after having first entered the local travel market via secured service contracts, and it was on these services that a good deal of competition occurred. With few exceptions, it can be said that wherever a small independent operator introduced a new service, it produced a defensive reaction from the large established operator in that area—in most cases, Busways or Northern. This reaction took the various forms of provision of extra duplicates, increases in frequency, or route and timetable changes. In some

cases the Traffic Commissioner accepted registrations which specified only a 'frequent service' without a specific timetable.

As a result, service changes occurred frequently as operators sought to maximise their market share. One case in particular—that of the Tyne and Wear Omnibus Company—deserves special mention and will be described in the following section, but several other cases, involving those listed under 'New Services' in Section 3, are also of interest:

South Shields: Newcomer Hylton Castle faced continual competition from Busways on its local routes in South Shields and from Northern on its South Shields-Newcastle service; the latter was eventually withdrawn. In South Shields there were frequent timetable changes which have persisted to date, much to the confusion of the passengers. Busways introduced minibuses to South Shields in January 1987 as a response to Hylton Castle's services, and also reacted to Hylton Castle's introduction of a South Shields-Sunderland service.

Ponteland Corridor: Blue Buses continued to respond to Vasey's new services between Newcastle and Ponteland/Darras Hall, with an increase in frequency (from 4 to 6 buses per hour compared with Vasey's 2 per hour). Interestingly, though, Rochester and Marshall's services to Stamfordham via Ponteland did not meet competition but settled to a peaceful co-existence with Blue Buses.

Killingworth: Competition between Busways and North Tyne Travel continued on the Killingworth-Newcastle corridor, with the Metro served by secured feeder services to Four Lane Ends providing a third competitor. In the spring, Busways increased from 4 to 6 per hour the frequency of their X62/X63 Fastline services, operated by single-deck coaches in special Killingworth livery; by autumn 1987 this had increased further to 8 buses per hour. North Tyne Travel—a consortium of two independent operators—continued for some time with older vehicles, but by November 1987 had discontinued service.

Coast Road: Some limited competition took place during the summer of 1987 along the Coast Road from Newcastle to Whitley Bay and Tynemouth—traditionally Northumbria territory. Northumbria began operating some open-top services, thus creating another example of competition between large established operators.

5.3.4 Secured services

Although in the initial round of tenders most attracted only one bid, the competition for tenders increased during the first year of deregulation, and by the summer, when many October contracts came up for renewal, there were as many as 4 or 5 bids for some tenders.

Increased use was made of minimum cost contracts, with all contracts placed after deregulation taking this form. As a result, prices of secured services tended to fall during the year, because, as has already been noted, minimum cost contracts entail less risk on the part of the operator.

In some of the Miscellaneous Workings contracts (which were unique to Tyne and Wear) for the provision of schools services, the operators demanded 'premium payments' to compensate for an increased risk of vandalism in certain areas. The PTE reluctantly agreed to pay these payments initially, but decided to monitor the operation of the services closely, and by the time the contracts came up for renewal had decided that the premium payments were not justified. Accordingly, premium payments were withdrawn from April 1987.

A large batch of Miscellaneous Workings contracts were renewed in Spring 1987, to come into effect at the end of July (with the end of the school year). Busways and Northern were unsuccessful in bidding for a substantial number of these renewals, but then decided to register commercial services in competition with the secured service run by another operator, causing, in some cases, the PTE to withdraw the contract. These events are described in more detail below in the account of the Tyne and Wear Omnibus affair, but other independent operators on secured service contracts encountered similar competition.

5.3.5 Metro and integration

Deregulation had been expected to have a detrimental effect on the Metro and the integrated transport system in Tyne and Wear. With the breakdown of the Transfare ticket system, and the introduction of bus services by-passing the Metro interchanges, it had been thought that Metro would suffer a large loss of patronage, in the region of 20 per cent.

Metro performance, prior to deregulation, had shown a steady and continued increase in patronage as part of the general growth throughout the integrated network. Immediately after deregulation, during the Christmas shopping period and up to the New Year, Metro was well used as a result of the congestion on the roads and uncertainty about bus services. However, there was some evidence that this initial patronage was not sustained, and by the spring Metro patronage appeared to have declined by around 10 per cent compared with the previous year.

Use of the interchanges was reduced, as had been expected, although the impacts varied as operators used varying tactics along each corridor on which interchanges were situated. At Gateshead, the use of interchange was reduced as most bus services continued across the Tyne Bridge into Newcastle (although some passengers still found the greater

penetration of the Metro convenient), though it is interesting to note that bus movements at Gateshead actually increased as buses ran through the interchange instead of terminating there. At Heworth passengers continued to interchange, since many of GoAhead Northern services to Washington continued to terminate there, with full Transfare facilities available including transfer to local town services in Washington. Four Lane Ends continued to function as an interchange station but with Busways services from Killingworth and other places often by-passing the station.

5.3.6 Tyne and Wear Omnibus Company

The case of the entry of Tyne and Wear Omnibus Company into local services in Newcastle is reported separately here because, although it is not the only case of competition in Tyne and Wear since deregulation, it is a prominent example and it illustrates the typical reactions of the large established operators to a newcomer.

Tyne and Wear Omnibus Company (TWOC) is a subsidiary of the independent operator Trimdon Motor Services, a long-established company operating mainly in the Durham and Cleveland areas, and part of the Bluebird Securities Group which also includes other companies in the travel and coaching business. Trimdon is a substantial operator; at deregulation it had licences for 70 vehicles and operated 1.8 m vehicle-miles per annum.

Figure 19 shows the vehicle-mileages operated in each district by Trimdon and TWOC at deregulation (Nov 1986) and 10 months later at Sept 1987. The diagram shows that during the year there was a significant increase in Trimdon's mileage in Stockton-on-Tees from 846 000 per annum at deregulation to 950 000 in September, as a result of Trimdon increasing its town services and competing strongly with the municipal operator Cleveland Transit. The other notable feature of the diagram is the new mileage introduced in Newcastle during the year.

In Tyne and Wear prior to deregulation, Trimdon operated 53 000 vehicle-miles per annum as a consequence of one of its Durham routes entering the south of the county. This mileage constituted 8.5 per cent of the independents' mileage, which itself, at 626 000, was only 1.3 per cent of the total mileage in Tyne and Wear. At deregulation Trimdon's mileage did not change greatly, but with the general increase in services by independent operators in Tyne and Wear its proportion fell.

By September 1987, however, the entry of TWOC into Newcastle took its proportion up to 25 per cent of independents' mileage, which itself had grown to 9 per cent of all mileage in the county. This made TWOC the largest independent operator in Tyne and Wear, outranking OK Motors. In November 1987, frequency reductions had reduced the TWOC mileage to 863 000, 18.5 per cent of the independents' total.

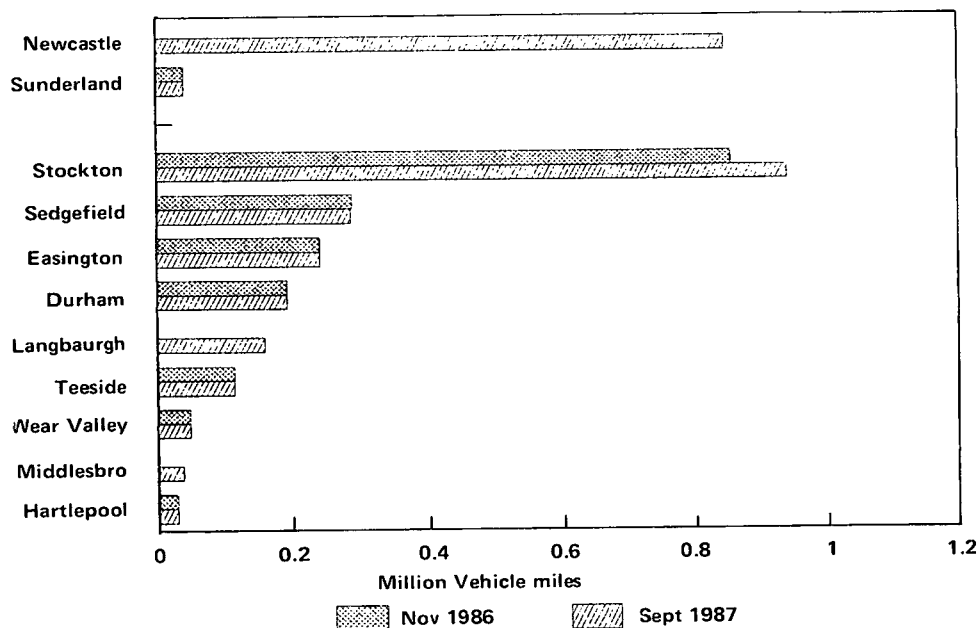


Fig. 19 Tyne & Wear, Durham and Cleveland
Trimdon/Tyne & Wear Omnibus Co
Annual Vehicle – miles by District

Trimdon had, in fact, tried to enter the Tyne and Wear market earlier in 1987, when it made a bid for Northern General when the latter was privatised. Unsuccessful in this bid, in April 1987 the company then formed TWOC as a subsidiary, with a depot in Gateshead and licences for 150 vehicles.

In May, TWOC bid for a number of Miscellaneous Workings contracts which were being renewed, and was successful in winning 48 out of the 133 on offer. Busways and Northern, the companies who had previously held the contracts, responded by registering many of these services commercially, including all those which had been won by TWOC. As a result, the PTE withdrew 93 secured services, including all those awarded to TWOC, because they would be in competition with commercial services.

TWOC then registered four new commercial services to start operating in Newcastle as from 3 August:

Service 201, Four Lane Ends to Throckley, serving the city centre and travelling the Benton Bank and Scotswood Road corridors;

Service 202, Fawdon to Chapel House, serving the city centre and the North Road and West Road corridors;

Service 203/4, Byker/Walker circular, to the city serving the Shields Road corridor;

Service 205, Fenham circular, to the city centre serving the Ponteland Road corridor.

The routes are shown in Figure 20. All the routes were directly competitive with Busways routes, and as can be seen from the map, they covered all the main corridors into Newcastle city centre. The services started operating as registered between 0800 and 1800 Monday to Saturday at frequencies of 5 per hour.

As a response to the introduction of these new services, Busways announced that as from 3 August they would only accept in Newcastle county-wide Travelcards on their commercial services, not the local versions, giving greater incentive to local bus users to buy Busways' own Faresaver tickets, which of course were valid only on Busways' buses. Other operators, including TWOC and Northern, continued to accept all Travelcards; indeed, they advertised prominently that they did so. Busways were also obliged, under their terms of contract, to accept Travelcards on their minimum-subsidy secured services, a move which must have caused some confusion to the passengers who generally would not be aware which journeys were secured and which were commercial. Most of Busways contracts were of the minimum subsidy type and therefore both Travelcards and Busways Faresavers were acceptable.

In July, TWOC registered 3 further services: Service 241 (Four Lane Ends to Newcastle), Service 242 (Fawdon to Walker), and Service 249 (Throckley to Wallsend). These services all duplicated existing

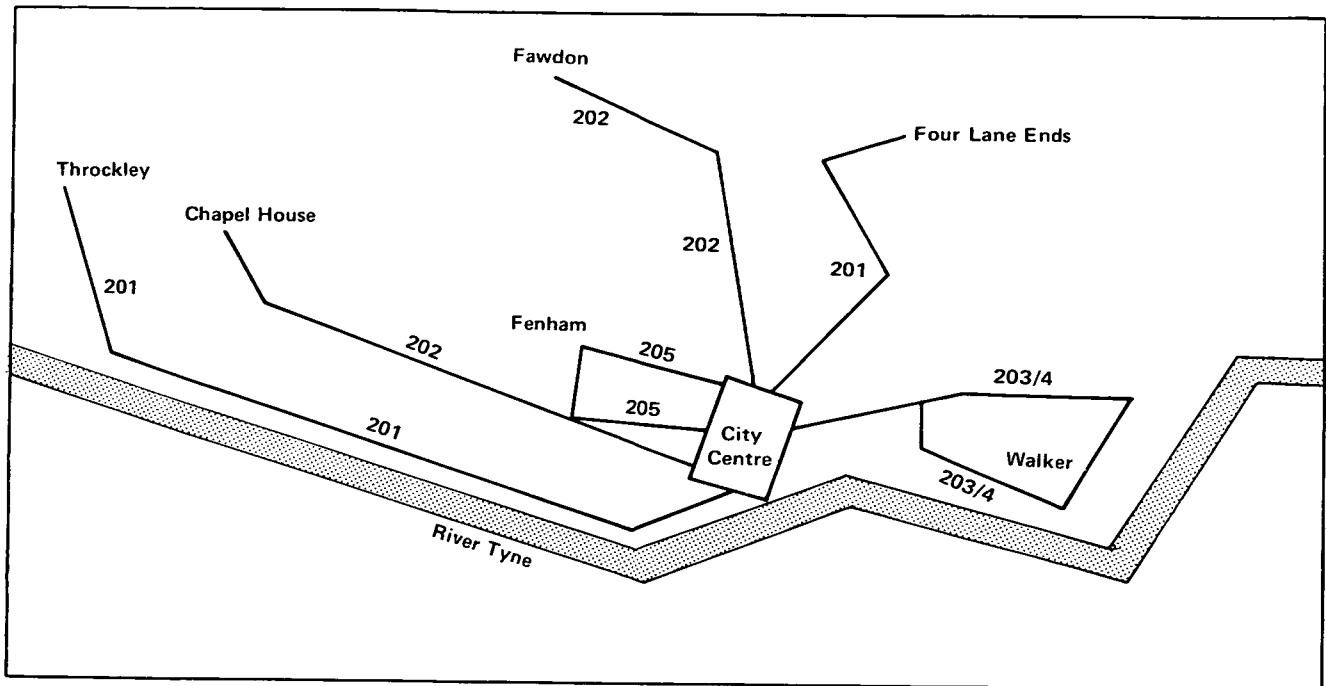


Fig. 20 Tyne and Wear
Tyne and Wear Omnibus Co.
Commercial routes in Newcastle, Aug 1987

Busways fully-secured services, with identical routes and timetables, and were registered to start operation on October 5th, a full 3 months after registration. As had happened with the Miscellaneous Workings contracts, the PTE cancelled Busways' contracts for these services, whereupon TWOC withdrew its registrations. Busways continued running the three services commercially.

In October, TWOC introduced 3 more routes competing directly with Busways: the 1 from Slatyford to Cochrane Park, the 12 to Two Ball Lonnen and the 65 to West Denton all of which serve the city centre. TWOC also won a tender for the 35A Newcastle to Wallsend evening service, after Busways withdrew from part of the route.

Also in October, the frequency on all routes was reduced to 4 per hour, with an earlier start at 0700. At the same time, TWOC renumbered its services to match those of the Busways services along the same route, a move which helped the passengers know where the bus was going but may have caused some confusion when TWOC buses changed their route numbers in the city centre.

Busways' response to these moves was to increase frequencies and to register these routes as 'frequent services', giving them the freedom to run extra services as they saw fit.

At the time of writing the new TWOC services are still in operation. It is apparent that competition between Busways and TWOC is fierce, with Busways deploying large resources to try to fight off the challenge from TWOC. Each service must inevitably be abstracting passengers from the other, although to what extent the services remain profitable is not known. The situation at the time of writing remains fluid, with frequent changes to registrations and many duplicate services operating in an attempt to maintain patronage. Complaints have also been made to the Traffic Commissioner that the extent of competition has led to increased traffic congestion in the city centre, though it is hard to believe that the TWOC services alone are responsible when there has been a substantial increase in buses generally in Newcastle. The case illustrates the general response which all new operators in Tyne and Wear have met from the established operators, though on a much larger scale.

As far as the passengers are concerned, for the time being they enjoy a very frequent service, though whether patronage has risen as a result is not known. Although both companies have marketed their services intensively and tried to develop brand loyalty among their passengers, there is little evidence that passengers do other than board the first bus that comes.

6 THE 1985 ACT FROM THE PASSENGERS' POINT OF VIEW

6.1 FARES AND TICKETING

6.1.1 Zonal fares

The development of the integrated transport system in Tyne and Wear included the provision of a comprehensive fares and ticketing system. An essential part of the integrated system was the interchange between bus and Metro; it was necessary to ensure that there were no financial penalties incurred by the passenger and that a range of tickets and other facilities were available to both the regular and the casual user of the network. Therefore, a zonal fares system was introduced in Tyne and Wear in 1979, a year ahead of the first opening of the Metro.

The system comprises 32 hexagonal zones, and the fares are arranged so that a journey between any given pair of zones costs the same amount by any mode. The fare scale thus consists of 1,2,3,4 and 5 zone fares. For shorter journeys there are fares based on traditional stages, 5 stages making up a zone, so that the passenger travelling a short distance across a zone boundary is not penalised.

6.1.2 Zonal Transfares

'Transfare' transfer tickets enable passengers to make single journeys which involve interchange between vehicles without paying additional fares. Although primarily designed to allow multi-modal interchange, prior to deregulation Transfare tickets were also valid for any combination of modes including bus-bus journeys and allowed unlimited interchange for 90 minutes.

Following deregulation, the availability of Transfare tickets was severely reduced, and there are relatively few examples of Transfares being continued on commercial bus services. Transfares are still accepted on certain journeys, mainly on longer journeys to Newcastle involving a bus-Metro interchange where there is no through service provided by that bus operator. Transfares are also accepted, as a condition of contract, on minimum cost secured services, though there is sometimes confusion among passengers and drivers as to which services qualify.

6.1.3 Zonal Travelcards

As well as the above single-journey tickets, Tyne and Wear PTE markets (on behalf of the operators panel) a range of Traveltickets which allow the holder to make unlimited journeys within the area and time of validity. Traveltickets are available for off-peak or all-day travel and are valid for periods of one day, one week, four weeks or one year. Traveltickets may be purchased for various areas of validity: 2 adjacent zones, 3 in a ring, 3 in a row, 4 in a ring, and all-zone versions.

Travelcard prices are related to single-journey prices by simple proportion; originally set at 8 times the single fare for a 1-week card, the proportion has increased since deregulation to 8.5 and then 9 times the single fare, with corresponding increases for other periods of validity.

The Travelcard scheme remained in force following deregulation, and with one exception all operators continue to participate in the scheme. The exception, as noted earlier, is Busways, who introduced their own Faresaver tickets at deregulation, and who stopped accepting PTE Travelcards (except for all-zone cards) following the introduction of services by TWOC in August 1987 in Newcastle.

6.1.4 Faresavers

Each operating division of the Busways group offers two Faresaver tickets—the Faresaver and the Faresaver Plus. The former allows unlimited travel on the company's own services in the main centres of Newcastle, South Shields and Sunderland. The Faresaver Plus extends the area of coverage to certain other Busways services: in the case of South Shields and Sunderland Faresaver Plus to services between those centres, and in the case of Newcastle Faresaver Plus to services in the Throckley, Killingworth and Ponteland areas.

It is difficult to compare the prices of Faresavers with Travelcards because the areas of use are different. However, as an example, the Newcastle Faresaver priced at £3.60 in October 1986, appears to be comparable with the 4-in-a-ring Travelcard priced at £5.20, and offers a saving in price. Of course, the Faresaver is not valid on other bus services or on Metro, ferry or rail services, so the choice of ticket for the traveller would depend on the types of journey normally made.

6.1.5 Carnets

A new addition shortly before deregulation was the carnet, marketed under the name of 5-Rider. These were books of 5 single tickets sold at a discount of around 10 per cent. Adult carnets were discontinued on all bus services after deregulation, though they continue to be available on Metro, ferry and rail. Child carnets, which offered a 30 per cent discount (a flat fare of 7 pence instead of 10 pence), continue to be available, although for transfer journeys a separate ticket must be used for each leg whereas previously one carnet ticket covered the journey in total. Under the concession scheme, operators are reimbursed for the difference between the carnet price and the ordinary child fare when the traveller is under 14 years of age.

6.1.6 Fare levels

Figure 21 illustrates the fare scales in Tyne and Wear at given dates, and Figure 22 illustrates Travelcard prices.

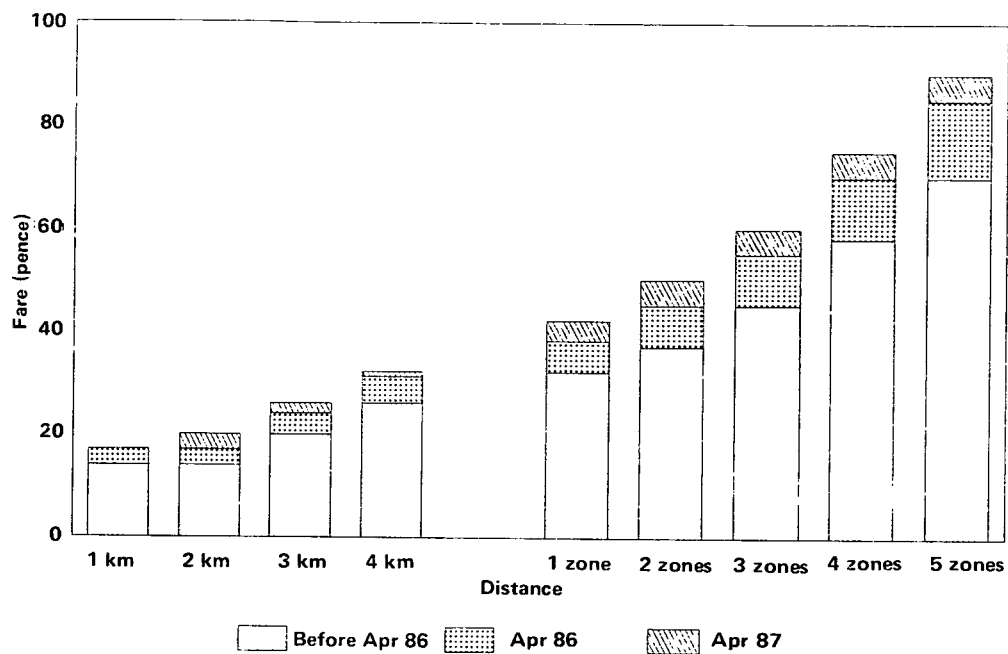


Fig. 21 Tyne and Wear
Single Adult Fares

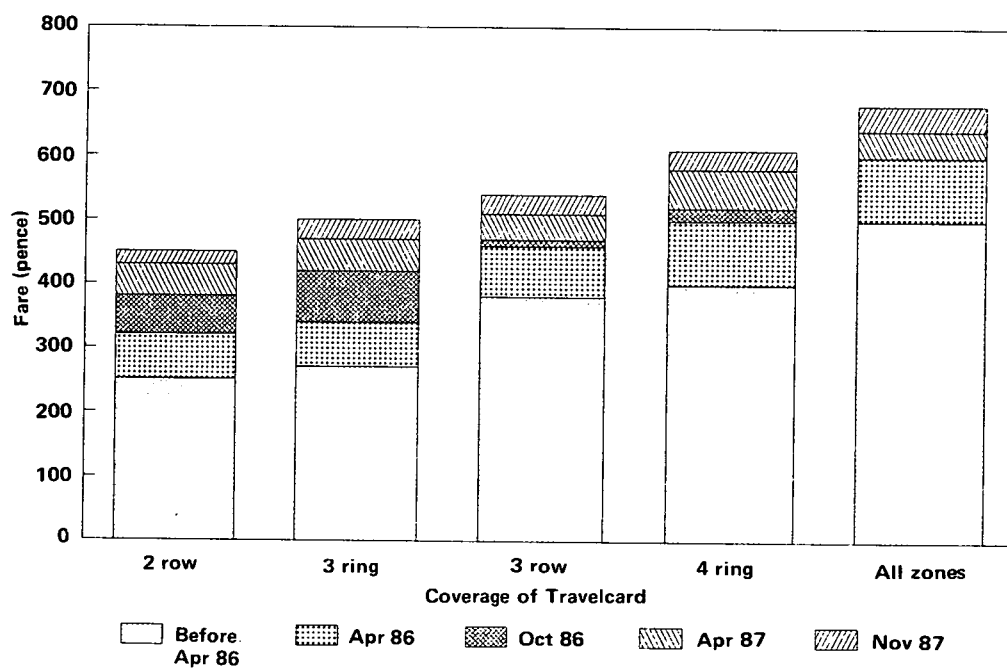


Fig. 22 Tyne and Wear
Prices of Travelcards
(All day, 1 week travelcards)

Fares had been held constant since April 1982, but when the County Council was abolished, the PTA came under precept control and was obliged to raise the fares. Single fares were accordingly raised by about 20 per cent in April 1986 and Travelcards by 25 per cent, and there was a further rise in Travelcard prices implemented by the operator panel at the time of deregulation. All fares increased again in April 1987 by 5 per cent, and Travelcard prices were raised again in October 1987 as the proportionality factor was increased. As a result, the price of Travelcards has increased by 36 per cent over a 2-year period.

6.2 OVERALL SERVICE STANDARDS

6.2.1 Bus services

The changes in services and fares have been described in detail in the preceding sections. Before describing the effects of these changes on the travelling public, however, it is worth summarising these changes as they affect the passenger.

Generally speaking, standards of bus services in Tyne and Wear were similar to or better than before deregulation. In most cases, where there was no commercial service the PTE intervened in order to provide a secured replacement, so as far as the passenger was concerned there was little change. In a few problem areas, there may have been gaps in services at first, but over the year following deregulation these were mostly filled through the PTE either providing a secured service or persuading an operator to divert or extend a commercial service.

In a number of areas—generally where competitive services were registered—service levels can be said to have improved. Frequencies were higher, as a result of the entry of a new operator and of the response of the established company. Some of the new services took the form of direct services to city centres where previously passengers had to interchange, which can be viewed as an improvement in service where it offered the passenger a choice, though in some cases the new services by-passed the interchanges in order to deny passengers this choice. In other cases competition took the form of timetable matching rather than spreading resources over a given time period, so that an overall frequency increase as measured by buses per hour did not necessarily present the passenger with more travel opportunities.

A large number of new services were provided to the new Metrocentre, and thus were not directly connected with deregulation. No doubt the operators took advantage of their new freedoms in designing the services, though the PTE in its pre-deregulation form would have also provided services. Many of the Metrocentre services were run by minibuses, and a number of other services were converted to minibus operation.

The bus service changes also brought a number of disbenefits:

- i. The loss of Transfare tickets was bound to result in many passengers paying higher fares for their journeys.
- ii. Many passengers who formerly interchanged to Metro would find that they spent longer travelling, particularly when buses were held up in traffic.
- iii. Services from south of the river which formerly fed into Gateshead Metro now crossed the Tyne Bridge into Newcastle, but these services mostly terminated at Worswick Street bus station just north of the bridge and did not offer the same penetration and choice of destinations as the Metro. However some passengers continued to use the interchange at Gateshead and were prepared to pay for two boardings where previously a single Transfare would have sufficed.
- iv. Many services to the west of Gateshead were diverted to serve the Metrocentre, thus increasing journey times for through passengers. In severe cases, the PTE was obliged to provide a replacement direct service.
- v. Increased competition led to frequent service changes which confused the passengers.
- vi. Although the PTE attempted to publish comprehensive timetables, the pace of change made it very difficult to keep these up-to-date.
- vii. Fares and Travelcard prices increased sharply over the deregulation period.

6.2.2 Metro

Services on the Metro were unaltered at deregulation. Passengers were affected, however, by the loss of Transfare tickets, which made an interchange journey cost more, and by the loss of integrated bus services which made it difficult or impossible to change to the Metro. PTE estimates showed that the number of interchanging passengers fell by about 30 per cent.

Changes were made to the Metro service in May 1987. On evening services, trains were reduced in length from two cars to one in an effort to combat vandalism, and some cost was saved by reducing frequencies and replacing a few very early morning departures by buses. There were, however, also some improvements to the Metro service, with later evening departures, extra services in the peaks and on Saturday mornings, and the introduction of limited stop services from the Coast. The net effect was a greater concentration of service in busy periods. Though it is true to say that these changes would have taken place even without deregulation, a conscious effort was made to maintain existing Metro services through the initial period to provide a

degree of continuity for the passenger in a period of considerable upheaval.

6.3 PATRONAGE

Before deregulation the PTE undertook regular continuous monitoring surveys of patronage on bus and Metro services to facilitate its planning and to calculate reimbursements for Traveltickets and concessionary fares. Monitoring of services continued after deregulation for the purposes of producing the necessary data to reimburse operators for carrying concessionary travel passengers. The surveys also recorded the use of Traveltickets for reimbursement under the Operators' Panel Travelticket scheme.

In the deregulated era patronage data are not so readily available, because operators are understandably reluctant to release details of the number of passengers carried on commercial services since the information could be useful to competitors. Nevertheless, some information about how deregulation affected patronage can be gathered from the returns in the PTE's 3-year Plans and from informal estimates made at the time of deregulation.

On the Metro, patronage over the first few weeks of deregulation was reasonably buoyant, in spite of earlier fears that Metro would lose a large number of interchanging passengers when bus services began to run direct into the city centres. There are two possible explanations for patronage remaining high, the first being that the period following deregulation was the start of the Christmas shopping season when loadings on the Metro usually increase. The second explanation is that Metro benefited from the increase in traffic congestion in Newcastle and from general uncertainty about bus services, both of which tended to improve the image of Metro as a stable, reliable transport system by comparison. The fact that at the time of deregulation there was a surge in rail usage in most PTE areas where rail was a feasible alternative to bus lends some substance to this explanation.

After the Christmas period, this stability of Metro patronage was not sustained, and provisional estimates indicated that there had been a fall of about 10 per cent in the number of passengers.

Annual patronage figures in the 3-year Plans support this. During the last full accounting year before deregulation, Metro carried 54.6 million passengers; in 1986/7 it carried 46.4 m (a fall of 15 per cent), though the estimated patronage for 1987/8—the first full year after deregulation—was about 47–48 m, a fall of around 9 per cent on 1985/6. Fares increases of 20 per cent and 5 per cent in April 1986 and 1987 might be expected to have resulted in a fall of 6–8 per cent, leaving a fall of only a few per cent in Metro patronage resulting from deregulation itself.

There is some evidence that the fall in patronage occurred predominantly among fare-paying

passengers rather than among concessionary travellers, but the figures are confused by the new inclusion of children in the concession scheme so it is not possible to be precise.

Bus patronage fell by a similar amount, from 312.9 m journeys in 1985/6 to an estimated 275.1 m in 1986/7 (a fall of 12 per cent) and 259.8 m in 1987/8 (17 per cent). Here too the decrease was greater among farepaying passengers than among concession users.

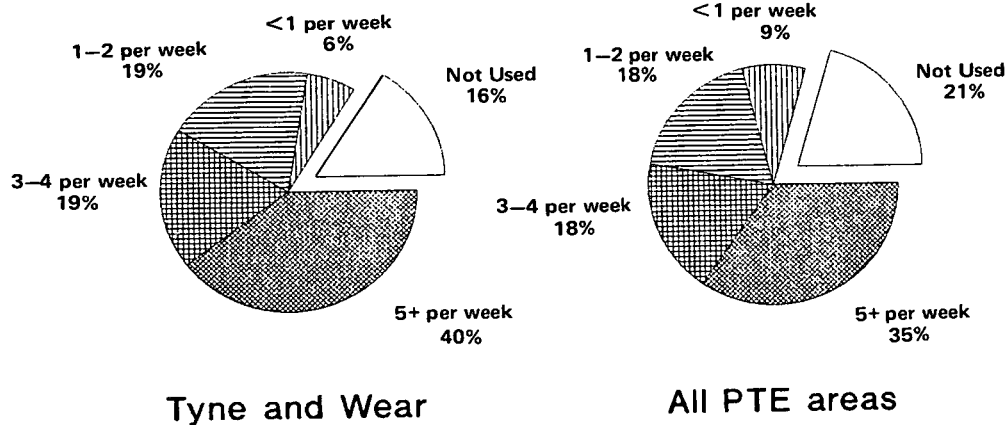
Passenger-miles on buses fell by a similar amount to passenger-journeys, but on the Metro the fall in passenger-miles was much less, suggesting that it was mainly the shorter distance Metro trips which were lost. This accords with the view that many journeys which formerly involved an interchange to the Metro were made directly by bus after deregulation (which would not increase the number of bus passenger-journeys), a view also supported by reductions of around 30 per cent in boardings at the individual Metro interchange stations.

6.4 PASSENGERS' ATTITUDES TO DEREGULATION

In February and March 1987, a few months after the start of deregulation, the MVA Consultancy carried out a specially commissioned survey for TRRL about passenger attitudes in Tyne and Wear and five other PTE areas. The results of this survey are reported in Walmsley and Simpson (1989). The survey, which used the postal questionnaire reproduced in Appendix A, was deliberately aimed at obtaining the attitudes of bus users, and of the most frequent user in any household.

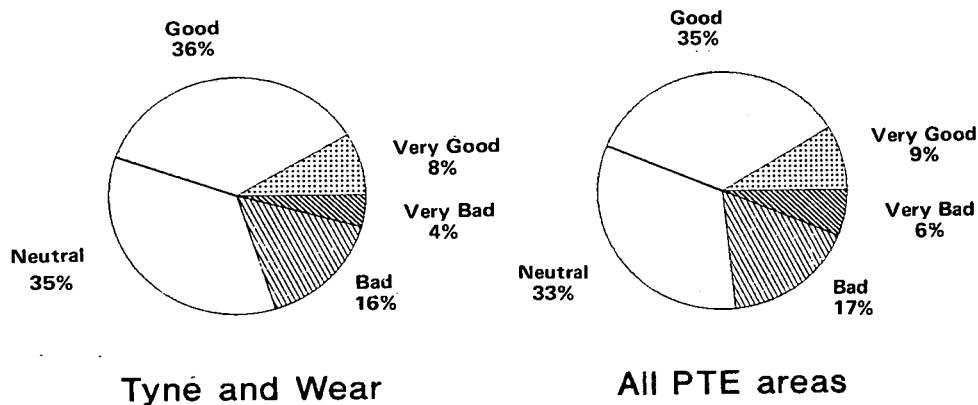
The results of the survey are presented here as proportions of all bus users (after eliminating those who used the bus less than once in the previous 4 weeks), in the form of pie charts or horizontal bar charts of percentage responses to the questions, showing positive, neutral and negative responses. This has the advantage that it shows clearly both the balance of the opinions, by the relative sizes of the positive and negative sectors, and the importance of the topic, by their combined size. In the case of certain questions where respondents were asked about changes since deregulation, only those respondents who had noticed changes in the bus services or had been affected by them were asked to answer. The sector marked 'Neutral' therefore comprises those who answered 'Same' or 'Neither good nor bad', those who responded 'No Opinion', and those who did not answer the question because they had not noticed or been affected by changes.

Respondents were first asked how often they used the buses, and those who did not use them at all were eliminated from further analysis. Figure 23 shows the responses for Tyne and Wear alongside those for the six PTEs together; nearly 40 per cent of respondents use buses every day—the highest proportion of bus use in any of the PTEs.



Question: How often have you used the local buses, If at all, during the last week?

Fig. 23 Tyne and Wear
Frequency of Bus Use
Households (Most Frequent User)



Question: What do you think about the bus service on the whole?

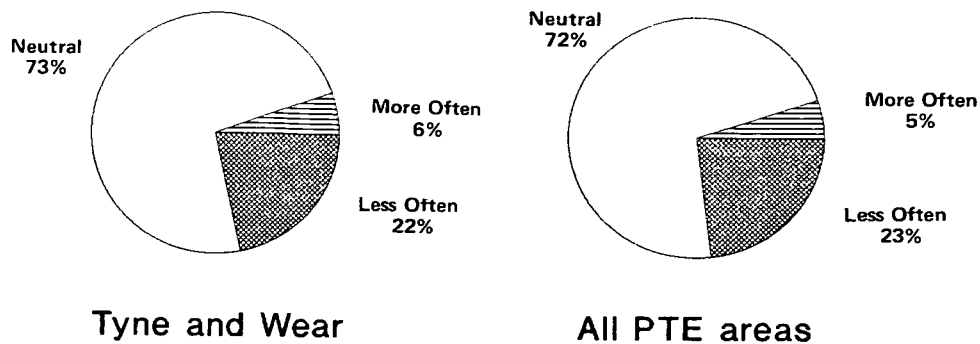
Fig. 24 Tyne and Wear
Overall View of Bus Services
Bus Passengers

Question 2 'Overall view of the bus service' was asked in order to provide a baseline against which to judge whether services had improved or deteriorated. Figure 24 shows that 45 per cent in Tyne and Wear had a positive ('good' or 'very good') view and 20 per cent had a negative ('bad' or 'very bad') view—about the average for all PTEs.

Figure 25 shows that, since deregulation, the majority of passengers used buses the same amount as before. However, 21 per cent used buses less

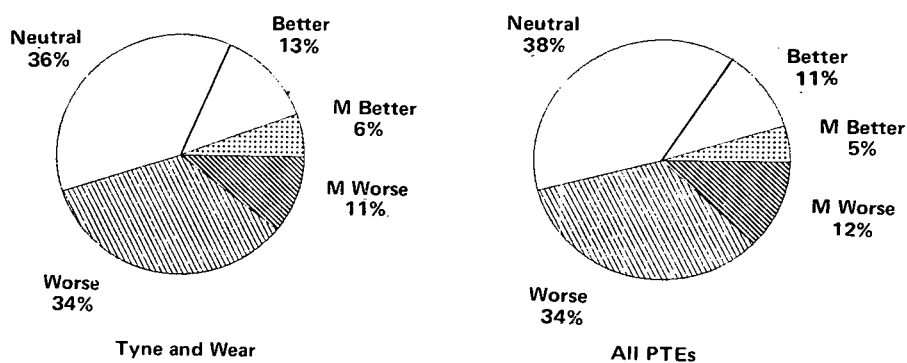
while 6 per cent use them more. This ratio, with around two to three times as many losers as gainers, is common to all PTEs.

Figure 26 shows bus users' views of the changes. Combining the 'Better' and 'Much better' categories and the 'Worse' and 'Much Worse' 19 per cent felt services had improved while 45 per cent felt they were worse. 36 per cent either did not notice changes or thought the services were neither better nor worse. This rather negative opinion of



Question: As a result of the changes, do you use the buses more or less often ?

Fig. 25 Tyne and Wear
Bus Use since the Autumn Changes
Bus Passengers



Question: What do you think of the changes since last Autumn?

Fig. 26 Tyne and Wear
View of the changes to services
Bus Passengers

deregulation may be subject to some bias, because it is more likely that disgruntled passengers would reply than those who were pleased with the changes, though a survey carried out in two of the PTEs to check for such bias revealed that the effect, though present, was small. Against this, the percentage of users who thought services had improved was the second highest (after Strathclyde) of all the PTEs surveyed.

The reasons for this generally negative opinion are illustrated in Figure 27 where respondents were asked their opinions of various aspects of the bus services.

It can be seen that frequency and reliability were the main complaints. Interestingly, though, weekday frequency also features as one of the highest 'Better' features, probably due to the increased services in Newcastle, a view supported by the high positive response for 'Destination choice.' A feature which is of special interest in Tyne and Wear is 'Use of discount tickets'. Though other aspects of service were found to be of greater importance, the percentage viewing this aspect as 'Worse' was much higher in Tyne and Wear than in other PTEs; this can be attributed to the loss of integration, Transfares and the rises in Travelticket prices.

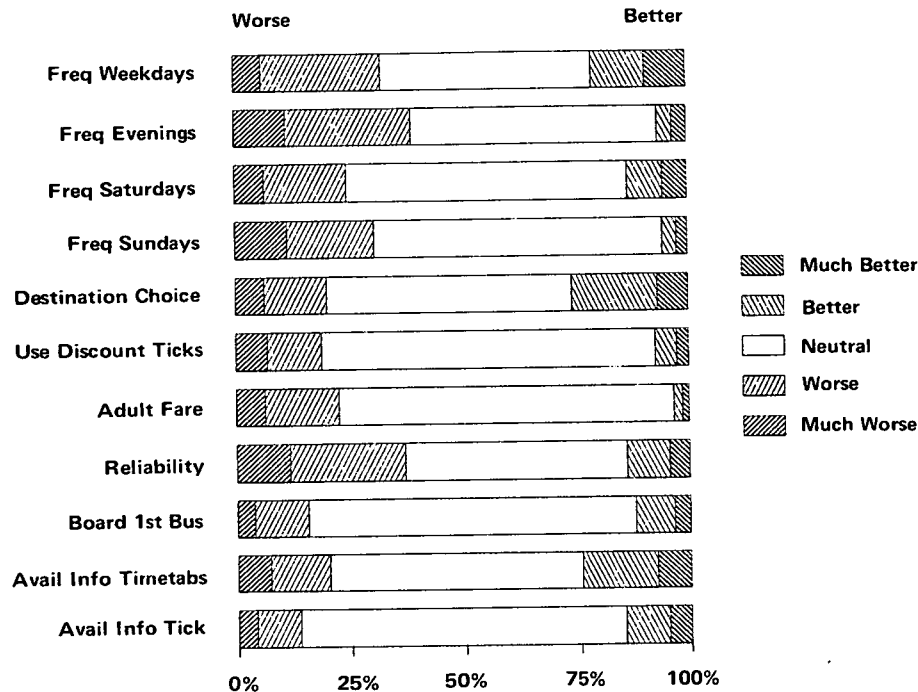


Fig. 27 Tyne and Wear
Opinions of Service Aspects
Bus Passengers

7 THE 1985 ACT FROM THE GOVERNMENT'S POINT OF VIEW

7.1 Objectives of the 1985 Transport Act

This chapter reviews the Government's objectives behind the 1985 Transport Act and investigates the extent to which they were achieved in Tyne and Wear in the year following deregulation.

The objectives of the 1985 Transport Act were put forward in the White Paper 'Buses' (Cmnd 9300, 1984), in which the Government reviewed long-term trends in the bus industry. It noted that patronage had fallen substantially both in absolute terms and relative to the total travel market. In the decade to 1982, fares had increased on average by 30 per cent in real terms yet at the same time revenue support had risen nationally from £10 m to over £500 m. Eight per cent of this subsidy to bus services went to London and the Metropolitan Counties.

Set against this increase in expenditure, and in contrast to national trends, patronage in Tyne and Wear had risen from a low of 281.1 m passenger-journeys in 1974/5 to a peak of 315.5 m in 1984/5. This period saw the introduction of the Metro, the integrated network and the availability of a variety of multiride tickets.

The Government considered that subsidies in the metropolitan areas had been used to maintain artificially low fares or levels of service out of step with current demands. Action had to be taken to bring the level of subsidy into line with the Government's overall public expenditure plans.

The Government believed that part of the reason for the decline in bus services was the route licensing system, which made it difficult for a new operator to enter the market in the face of opposition from established operators. The intention behind the abolition of Road Service Licences was to encourage operators (especially small private operators who, it was believed, could operate more cheaply) to be more responsive to passenger demand, thus introducing the spur of competition and forcing the established operators (who were generally large with substantial overheads) to improve their efficiency.

Greater efficiency was also the aim of the provisions for privatising the NBC companies and reorganising the former PTE operations along commercial lines, exposing these publicly-owned undertakings to the constraints and opportunities of the commercial market.

The Government also believed that the practice of paying network revenue support resulted in the operator having little incentive to improve performance on a given service. For its part, the local authority had little choice of operator and could

not fully judge whether the services it bought were run efficiently. The tendering process would ensure value for money, and would enable local authorities to see clearly the costs involved in supporting individual services.

The success of the Government's deregulation proposals rested on four main propositions:

- i. Competition would be created by new operators entering the market and by existing operators competing with one another. Even where direct competition did not materialise, the threat of competition would promote efficiency.
- ii. On many routes fares would be reduced and new and better services provided.
- iii. As operators responded more keenly to passengers' demands the number of people travelling would go up.
- iv. The cost of subsidising bus services would fall because routes which were not profitable for a large operator could be run commercially by a smaller one, and because competition for tenders would ensure cost reductions on subsidised services. As a result, the ratepayer and taxpayer would achieve better value for money—even, better services for less money.

At the same time, it was expected that the main network of services would be maintained, because operators would assess passenger demands and provide services where the market warranted them, and the local authority would maintain non-commercial but socially-necessary services through the tendering process.

The extent to which the first three of these expectations has been realised—on the basis of experience to date in Tyne and Wear—is discussed in the following paragraphs, and a discussion of the effects of deregulation on public expenditure is given in Section 8.

7.2 Main Network of Services

The PTA's overall policy objective for secured services was initially to maintain traditional links and frequencies within budget constraints. In the event, it proved possible to provide secured services in virtually all cases where the PTE identified a gap in the commercial services, and in addition to provide extra links or services in response to passenger demand.

In a number of instances service levels were higher after deregulation as a result of the introduction of new competitive services. On the debit side, at times of lower demand or as a result of detailed changes in route or timing, there were bound to be minor instances where the service was poorer after deregulation. But on the whole—and subject to the provisos about integration which appear later in this

section—the result of supplementing registered commercial services with secured services was that most areas at most times of the day enjoyed a level of service at least as good as that provided before deregulation.

7.3 Competition

There can be little doubt that in Tyne and Wear competition has been stimulated by deregulation, probably to a greater extent than anywhere else in England. Twenty-eight new independent operators started registered services in the county by Nov 1987, and some of the established independent operators (of whom there were already an above-average number in Tyne and Wear) took the opportunity to expand their services. Therefore, the Government's objective of removing the regulatory obstacles to a new operator entering the market can be said to have been achieved.

In almost every case where an independent operator started a new service, it provoked a defensive reaction from the established PTC or NBC operator; the case of the Tyne and Wear Omnibus Company mentioned earlier in this report is only the most prominent example of a number of such cases. Open, on-the-road competition of this type, involving the provision of high frequencies and duplicates, has been the main manifestation of competition in Tyne and Wear.

Most of the new competitive services merely duplicated other operators' services, and whether such competition actually benefitted the passenger is not so clear. While the increased frequencies were a bonus, the passenger was not provided with more choice of destinations or alternative routes, merely more vehicles along the same route. There is some evidence that despite the operators' efforts to encourage brand loyalty passengers do not make a conscious choice between the services available but merely board the first bus which comes. In addition, passengers are likely to suffer inconvenience if the competition results in frequent route or timetable changes, as has happened in many cases in Tyne and Wear, or if vehicles are withdrawn from routes elsewhere in order to provide duplicates on the competitive route.

Competition between bus and Metro also occurred, with direct bus links into the centre of Newcastle bypassing the purpose-built interchanges. The most important examples occurred at Four Lane Ends, where formerly passengers from Killingworth and other areas to the North changed to the Metro for the final part of their journey to Newcastle, and at Gateshead, where after deregulation many services which used to terminate continued across the Tyne Bridge into Newcastle.

At Gateshead the new services would appear to have offered the passenger a genuine choice of either

transferring to the Metro as before or continuing on the bus into Newcastle. The former option allows the passenger to travel to a range of destinations within the city and beyond, but might be regarded as inconvenient for a short Metro journey (especially since Gateshead is a particularly deep level station) and would almost certainly cost more since the loss of Transfare following deregulation has meant that passengers without pre-paid tickets have had to buy two single-journey tickets instead of one as previously. The option of staying on the bus affords some convenience, but results in the passenger having to alight at Worswick Street bus station which is not well sited for city centre destinations.

At Four Lane Ends, on the other hand, passengers were not offered a choice, because most services which used to act as feeders to the Metro bypassed the interchange altogether and took a different route into the city centre. Although some feeder services were restored by the PTE as secured services, the passenger wishing to interchange at Four Lane Ends no longer had the range of services and destinations which were formerly available, and in addition has often suffered a fares penalty through interchanging.

7.4 Fares and Ticketing

Since the introduction of precept control on the PTA's expenditure in April 1986, there were several sharp increases in the ordinary fares scale, and the price of Travelcards increased even more rapidly. However, all operators continued to operate the same fare scales, and even on routes with competition there was little evidence of deregulation leading to lower fares.

One or two examples of fare reductions did occur, notably the offer of reduced-rate return tickets on some routes and Busways' Faresaver tickets which are cheaper than a comparable PTE Travelcard. The intention of these tickets was to ensure that the passenger made additional journeys with the operator concerned; the fare reduction is therefore obtained only at the expense of a reduction in choice.

The withdrawal of Transfare tickets from most interchange journeys where they were formerly available also had this effect, and increased the cost of such journeys.

7.5 Innovation

One of the assumptions behind the Transport Act was that operators acting within a commercial regime would be more likely to use innovatory services such as minibuses and taxibuses. As far as the latter are concerned, there have been no examples in Tyne and Wear.

As far as minibuses are concerned, they have both benefits and disadvantages for passengers. They offer faster journey times and in some ways are more

comfortable than a conventional bus, but some people find them difficult to board and they offer less luggage space.

Minibuses are however often associated with a redesign of services which does offer improvements in frequency and penetration, and in this respect can provide advantages to the passenger.

Minibuses are also more prone to capacity problems at peak periods, and the benefit of higher frequencies is lost if passengers cannot board the first bus to arrive and have to endure uncertainty about how long they will have to wait.

Minibuses have been introduced by all three major operators on a number of routes in Tyne and Wear. In some cases this can be viewed as a continuation of a trend towards the use of smaller vehicles which was already under way in the industry, especially among NBC companies. The role of deregulation seems to have been to accelerate rather than to initiate this trend, so the use of minibuses cannot be seen wholly as a product of deregulation.

In other cases minibuses were introduced on new services, principally to serve the Metrocentre. These services would have been provided whether deregulation had occurred or not, and the requirement for fast frequent links from the city centre might well have dictated the use of minibuses in any case. It is therefore impossible to say definitely whether or not the use of minibuses on these routes is a product of deregulation. Nevertheless it is likely that the threat of competition from independent operators was an important factor in the decision.

The new freedoms available under deregulation also enabled Busways to start new services to the Metrocentre, in what was formerly Northern territory but without competing directly on an existing Northern route. In this respect the Act's objectives of encouraging innovative routes have been achieved, since it is arguable that without deregulation the journey from central Newcastle to the Metrocentre (which is located away from the Metro) would have been via Gateshead interchange and connecting bus.

7.6 Integration

The effects of deregulation on the integrated transport system have already been discussed under different headings. However, the degree of integration achieved in Tyne and Wear prior to deregulation was such that it is worth examining the effect of the Transport Act on the concept of integration as an issue in itself.

The identifying features of the former integrated transport system in Tyne and Wear, and the effects of deregulation on these features, are as follows:

Interchange, with Metro and between buses: seriously hampered through the loss of feeder services.

Through (Transfare) tickets: mostly discontinued since deregulation.

Travelcards available on all services: system continues, but the withdrawal of Busways from the scheme was a major loss until the setting up of Network Travel Ltd in 1988 brought all operators into a single scheme.

Common fare scales: still in operation.

Common livery: lost, but secured services carry PTE logo.

Common numbering system: discontinued; Busways services in Newcastle, Sunderland and so on are numbered independently, but since most passengers only travel locally not many would be affected.

Comprehensive timetables and publicity: the PTE attempts to maintain these, but is hampered by continual changes in routes and frequencies.

Co-operation between operators: this still takes place through the agency of the Operators' Panel, but has been replaced in many instances by a spirit of wary co-existence or outright competition.

It would appear then that the effect of deregulation on most of these features of an integrated transport system has been to lessen their impact. In some cases such as common numbering the issue is of minor importance, in others such as the freedom to interchange it is fundamental to the concept, but the net effect is to reduce the degree of integration substantially. Indeed, it could be said that where the operators in Tyne and Wear have not actively worked against the principle of integration, they have disregarded it so that the elements of integration which have survived do so because the operators have not had occasion to change them rather than as a conscious decision to preserve them.

The reduction in the degree of integration must count as a major disadvantage of deregulation in Tyne and Wear. The preservation or promotion of an integrated transport system did not appear explicitly as one of the objectives of the Act; indeed, integration in some ways is the antithesis of the principles of freedom of choice and competition which the Act implies. Nevertheless, the reduction of integration in Tyne and Wear must be set against the benefits obtained from other aspects of deregulation.

7.7 Passenger Response

At the heart of deregulation is the belief that comprehensive planning of the kind practised by the PTEs before deregulation is not sufficiently responsive and that bus operators, acting independently and with a commercial remit will produce a set of services more in line with passenger

requirements. As a result passengers will get a 'better deal'; patronage will rise and the viability of the industry improve.

In practice passenger attitudes to deregulation in Tyne and Wear and their changes in bus use tended initially to be unfavourable (see Section 6). Given that overall change in service levels was fairly limited and that where changes did occur, in most cases they resulted in more frequent services, this response is perhaps surprising and disappointing. One explanation for the unfavourable response to the changes accompanying deregulation is that, as the TRRL Attitude Survey shows, people in Tyne and Wear were generally satisfied with the bus service provided previously, and it seems likely that any change or perceived 'threat' to the status quo would be viewed negatively.

The attitudes of passengers to particular aspects of the services were as might be expected. They liked the increased frequencies (though it is important to remember that increased frequencies were really only a feature of services in central Newcastle and that in many areas of the county services were generally unchanged). They disliked the higher fares and the loss of transfer tickets. Overall, passengers' attitudes in Tyne and Wear were no more and no less favourable than in other PTE areas.

Passenger's attitudes are also reflected in the small amount of patronage information which is available. Patronage on the Metro fell as a consequence of deregulation, and the number of interchanging passengers declined sharply as might be expected. On the whole, though, Metro patronage was sustained to a greater degree than had been expected.

Bus patronage also fell. This, perhaps, is more surprising given the fact that services were maintained or increased, and can be ascribed to the increases in fares that took place around the time of deregulation and the initial unreliability and general uncertainty surrounding the changes. To date there is insufficient evidence to say whether this drop in patronage was a one-off occurrence and whether the previous level of patronage will re-establish itself, or even increase as was one of the objectives of the Act.

8 THE EFFECTS OF THE 1985 ACT ON PUBLIC EXPENDITURE

Reference was made earlier to the fact that in recent years the level of spending on public transport in Metropolitan areas had come to be determined less by local policy objectives and more by the effects of financial controls introduced by Central Government. In addition to the general system of rate support grant penalties introduced in 1981, specific restraints

on public transport spending were applied, firstly through the Protected Expenditure Levels (PELs) set under the 1983 Transport Act and subsequently through the precept controls set for the newly established Joint Board PTAs under the 1984 Rates Act (ie the 'expenditure limits' or ELs).

Consequently any reductions in public expenditure which may be identified cannot necessarily be attributed to the effects of deregulation alone, and this needs to be borne in mind when studying the information in this section.

Table 4 presents the expenditure for Tyne and Wear PTE and PTA for the financial years 1985/6 (the year

prior to deregulation), 1986/7 (the year of deregulation), and 1987/8 (the first full year after deregulation). In each case the amounts presented are outturn expenditures (forecast outturn for 1987/8). There is no allowance for inflation.

PTA costs consist of the cost of running the Tyne Tunnel, financing charges (principally for the construction of the Metro), and a small amount of administration costs.

It can be seen from the Table that there was an overall reduction in bus subsidy from £16.8 m in 1985/6 to £11.1 m in 1986/7 and £9.2 m in 1987/8. This is accounted for by:

- (a) An overall increase in fares of 20 per cent on 1 April 1986, consequent on the introduction of expenditure limits;
- (b) A general reduction in operating costs;
- (c) Only about 95 per cent of former mileage was operated commercially or on tender after October 1986, though there was an increase in total mileage due to the addition of (presumably commercial) services not previously operated.

Using a typical value for the elasticity of passenger demand with respect to fares (-0.3), it would be expected that, *ceteris paribus*, a fares increase of 20 per cent would lead to an increase in revenue from £38.9 m (the 1985/6 value) to £43.9 m. Thus, neglecting the effect of inflation, about £5 m of the observed subsidy reduction can be attributed to the fares increase.

The reduction in vehicle mileage would be expected to account for a further 5 per cent, or £0.8 m, in subsidy.

Overall, between 1985/6 and 1987/8 there was a reduction of £8.0 m in total expenditure. This figure comprises £7.6 m subsidy reduction (of which £5.8 m is accountable by fares and mileage), £1.1 m lower PTA costs, and an income of £2.9 m, offset by increases of £2.0 m in concessionary fares, £1.2 m in PTE expenditure, and £0.4 m support for Dial-a-Ride.

It would appear, therefore, that in Tyne and Wear deregulation has led to a slight overall reduction in public expenditure.

9 SUMMARY OF MAIN FINDINGS

This report describes the changes which took place in the provision of local bus services in Tyne and Wear when the 1985 Transport Act was implemented in October 1986 and during the first year thereafter. The report is the result of a joint monitoring exercise carried out by the Transport and Road Research Laboratory and the Tyne and Wear Passenger Transport Executive.

TABLE 4

TYNE AND WEAR PASSENGER TRANSPORT
EXECUTIVE—EXPENDITURE
Expenditures in £ million, current year prices

	1985/6	1986/7	1987/8
Operating Deficit	16.8	7.3	—
Tendered Bus Subsidy	—	3.8	9.2
Concessionary Fares Contribution	22.6	23.7	24.6
Support for S.20 Rail Services	1.1	0.4	0.6
Support for Tyne and Wear Metro	3.7	3.7	4.2
Support for Passenger Ferry Services	0.2	0.2	0.2
Support for Dial-a-Ride	—	—	0.4
TOTAL REVENUE SUPPORT	44.4	39.1	39.2
PTE EXPENSES:			
Debt Charges		0.4	1.2
Pensions		0.5	1.3
Promotion (not identifiable)	6.6	—	—
Central Planning		4.7	4.4
Redundancies		5.9	0.1
Other		2.8	0.8
TOTAL PTE EXPENDITURE	51.0	53.4	47.0
Less Income (Bus Stations etc)	—	1.9	2.9
TOTAL PTE REQUIREMENT	51.0	51.5	44.1
PTA COSTS:			
Debt Charges	14.8	11.9	12.9
Other	—	—	0.8
TOTAL EXPENDITURE	65.8	63.4	57.8
Transfer from Reserves	11.5	1.6	—
TOTAL EXPENDITURE LIMIT	54.3	61.8	57.8

9.1 Commercial Registration

Of the services originally registered for commercial operation following deregulation on 26 October 1986, the majority were made either by Busways (the former PTE operator) or by one of the three National Bus Company subsidiaries in the area: Northern General (renamed Go-Ahead Northern when it was privatised), United Automobile Company, and Northumbria Motor Services (which was formerly the part of United responsible for services north of the Tyne).

Most of the small independent operators which had operated prior to deregulation simply continued their earlier services, but there were some instances of expansion. A number of new operators also registered commercial services. As a result, the total number of independents operating in Tyne and Wear rose from 9 to 30. In addition, a number of new operators entered the local travel market through the tendering process.

Most of the new commercial services were in competition with the major operators' services. In addition, a number of new services were introduced in order to serve the MetroCentre, a major out-of-town shopping and leisure complex in south-west Gateshead.

There was an increase in commercial bus services running along the main corridors into Newcastle from areas formerly served by interchange with the Metro; they were therefore in competition with the Metro. However, at Heworth interchange, most of the services operated by Go-Ahead Northern which formerly used to terminate there continued to do so on a commercial basis.

9.2 Fares on commercial services

Fares in Tyne and Wear were raised substantially in April 1986, prior to deregulation, the first fares increase for three and a half years. The range of pre-paid tickets was maintained, but Busways additionally decided to introduce their own pre-paid 'Faresaver' tickets. 'Transfare' interchange tickets were generally only accepted for longer distance journeys to Newcastle involving a bus-Metro interchange, usually where the operator concerned did not provide direct services.

9.3 Total Mileage at Deregulation

The overall commercial mileage (including mixed tender) as at 26 October 1986 was 35.6 m vehicle-miles, or 77 per cent of the mileage operated before deregulation (46.4 m). The reductions were concentrated at certain times of day, particularly evening, early morning and Sunday services.

However, there were marked differences between different parts of the county; in Newcastle the operators registered nearly all their previous daytime

mileage, while in the other districts only around three-quarters was registered.

The PTA's general policy for subsidised services was to preserve traditional links and frequencies and to maintain the integrated transport system as far as possible. The PTE therefore examined the commercial services and, for the most part, replaced those which had not been registered by secured (subsidised) services.

As a result of the addition of secured mileage, the total vehicle-mileage operated in Tyne and Wear immediately after deregulation was, at 47.1 m, much the same as before, 46.4 m. However, around 5 per cent of the previous mileage was not restored, while the introduction of new competitive services introduced additional mileage.

Busways and Northern each experienced a fall in vehicle-mileage, while the mileage of United/Northumbria increased slightly, due to the introduction of a number of minibus routes. Independent operators increased their mileage; they registered double their previous mileage commercially, and they were particularly successful in winning secured services. However, they still constituted only a small fraction (7 per cent) of the total market, which continued to be dominated by the three major operators.

For the most part the major operators remained within their traditional territories. There was a small increase in mileage registered by Northern General in Newcastle, and a small mileage operated in Gateshead district by Busways where there was none before, resulting from Metrocentre services. In nearly every other case the mileage registered by the established operators remained the same or decreased, while the mileage by independents increased substantially.

Overall, there were more services during the day on weekdays and Saturdays than before deregulation; early morning and evening services were reduced, while Sunday mileage remained much the same. There were greater increases in Newcastle than in Tyne and Wear generally.

9.4 PTA Policies for Deregulation

The provision of secured services was related, as far as possible within available resources, to maintaining the network of services and to promoting services by means of integrated inter-operator ticketing facilities and co-ordinated routes and timetables.

The PTE joined with bus operators in an Operator's Panel to organise, administer and control pricing for the existing county-wide travel ticket scheme.

There was little change to the concessionary fares scheme. Free travel continued to be provided for

elderly and disabled people, reduced fares for children and young persons were brought into the concession scheme, and some extra groups were brought within the scope of the scheme.

9.5 Tenders

Initially, 81 per cent of tenders attracted only one bid, and in no case did more than one of the established operators bid for a contract. Both 'Minimum Cost' and 'Minimum Subsidy' contracts were used. Subsequently to deregulation, Tyne and Wear PTE made increasing use of Minimum Cost contracts. Tyne and Wear also made use of a novel form of contract known as 'Miscellaneous Workings' for scholars, works and similar services, in order to allow maximum operational flexibility.

9.6 Events at Deregulation and after

The most important problem that occurred at first was the failure of operators to run to their registered timetables, due to unfamiliarity with the new routes and timetables and to traffic congestion in the centre of Newcastle, caused partly by increased numbers of buses and partly by roadworks, reduced parking charges and changes to the traffic management scheme.

There were also two areas for concern with regard to tickets: first, the loss of Transfare facilities, and second, the degree of confusion caused by Busways' introduction of their own Faresaver ticket.

At the end of the freeze period in January 1987 there were a large number of minor changes to bus services, generally in the form of slight timetable and frequency adjustments. This trend continued after January and has shown every sign of becoming a permanent feature.

Over the first year, the vehicle-mileage for the county as a whole crept up slowly, so that by November 1987 the total was 52.2 m (an increase of 12.5 per cent over pre-deregulation). The greatest growth occurred in Newcastle, due to the new services there and the response of the established operators. A number of new operators came into the market during 1987, and several others increased their services.

A number of new services were introduced during the year, in particular services to the new Metrocentre superstore, and new minibus services by all the large operators.

The smaller operators were active in introducing new commercial services, many of them after having first entered the market via secured service contracts, and these new services generally produced a defensive reaction from the large established operators. As a result, service changes occurred frequently as operators sought to maximise their market shares.

The case of Tyne and Wear Omnibus Company is a prominent example. In May 1987, TWOC was successful in winning a number of Miscellaneous Workings contracts. Busways and Northern responded by registering many of the services commercially, and as a result the PTE withdrew the services. TWOC then registered four new commercial services in Newcastle, in response to which Busways stopped accepting local Travelcards in Newcastle and increased frequencies on the competitive routes. Competition between Busways and TWOC remains fierce.

Competition for tenders increased during the first year of deregulation, at the end of which there were as many as four or five bids for some tenders. Increased use was made of minimum cost contracts, and as a result, prices of secured services tended to fall.

Deregulation had been expected to have a detrimental effect on the Metro and the integrated transport system. Immediately after deregulation, Metro was well used, but by the spring patronage appeared to have declined by around 10 per cent. Use of the interchanges was reduced, although the impacts varied from one interchange station to another.

9.7 Fares and Ticketing

The fares system in Tyne and Wear is based on a zonal system, with Transfare tickets which allow passengers to interchange between bus and Metro or between buses without financial penalty. Tyne and Wear PTE also markets a range of Traveltickets which allow the holder to make unlimited journeys within the area and time of validity.

Following deregulation the availability of Transfare tickets was severely reduced, and there were relatively few examples of Transfares being continued on commercial bus services. The Travelcard scheme remained in force, and with the exception of Busways (who introduced their own Faresaver tickets) all operators continued to participate in the scheme.

Following precept control of PTA expenditure, single fares were raised by about 20 per cent in April 1986 and Travelcards by 25 per cent, and there were further rises in October 1986, April 1987 and October 1987. The price of Travelcards increased by 36 per cent over the 2-year period.

9.8 Overall Service Standards

Generally speaking, standards of bus services in Tyne and Wear were similar to or better than before deregulation. In a number of areas frequencies were higher, as a result of the entry of a new operator and of the response of the established company. Some of the new services took the form of direct services

where passengers previously had to interchange, some new services were to the new Metrocentre superstore, and a number of services were converted to minibus operation.

There were also some disbenefits to passengers, such as the loss of Transfare tickets, longer travelling times, and frequent service changes which confused the passenger and made it difficult for the PTE to provide timetable information. Where competition took the form of timetable matching the increased frequencies were of no benefit to the passenger. Fares and Travelcard prices increased sharply over the deregulation period.

Services on the Metro were unaltered at deregulation, but passengers were affected by the loss of Transfare tickets and integrated bus services.

9.9 Patronage

On the Metro, patronage over the first few weeks of deregulation was reasonably buoyant, but this was not sustained, and patronage fell from 54.6 m in 1985/6 to about 47–48 m in 1987/8, a fall of 9 per cent. There were reductions of around 30 per cent in boardings at Metro interchange stations. Bus patronage also fell, from 312.9 m journeys in 1985/6 to 259.8 m in 1987/8 (17 per cent). There is some evidence that the fall in patronage occurred predominantly among pre-paying passengers rather than among concessionary travellers.

9.10 Passengers' Attitudes to Deregulation

A survey of passengers' attitudes to bus services revealed that, on the whole, passengers thought that they were good. However, when asked about the changes arising from deregulation, more than twice as many people said that the services were worse since deregulation as said they were better. Three times as many passengers claimed to use buses less following deregulation as used them more.

The main aspects which passengers mentioned as having become worse were frequency, reliability and use of discount tickets, though the choice of destinations was thought to have improved, and weekday frequencies also featured as one of the more prominent 'better' aspects.

9.11 The objectives of the Transport Act

The 1985 Transport Act was designed to increase competition, reduce fares, and provide a wider range of services (including innovative services). It was expected that the cost of subsidising bus services would fall. The extent to which the objectives of the

Act were achieved in Tyne and Wear can be summarised as follows:

There can be little doubt that in Tyne and Wear competition and the entry of new operators have been stimulated by deregulation. In almost every case, the introduction of new services by an independent operator provoked a defensive reaction from the established operator. Competition between bus and Metro also occurred.

Fares and Travelcard prices increased sharply over the deregulation period. One or two examples of fare reductions occurred, but all operators continued to operate the same fare scales, and there was little evidence of deregulation leading to lower fares.

Minibuses were introduced by all three major operators on a number of routes. There were no examples of taxibuses in Tyne and Wear.

Prior to deregulation, the transport system in Tyne and Wear was integrated, with through ticketing, interchange with Metro and between buses, and common fare scales, livery and timetables. The effect of deregulation on most aspects of the integrated transport system has been to lessen their impact. The reduction in the degree of integration must count as a major disadvantage of deregulation in Tyne and Wear.

9.12 The effects of the Act on public expenditure

Forecast outturn costs indicate that there was a reduction in bus subsidy from £16.8 m in 1985/6 to £11.1 m in 1986/7 and £9.2 m in 1987/8. This is accounted for partly by an increase in fares and partly by a reduction in operating costs leading to a lowering of costs for secured services. Overall between 1985/6 and 1987/8, total expenditure fell by £8.0 m from £65.8 m to £57.8 m. It would appear, therefore, that in Tyne and Wear deregulation has led to an overall reduction in public expenditure.

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APPENDIX A:

Passenger Attitude Survey Questionnaire



TRAVEL SURVEY

HOW TO COMPLETE THIS QUESTIONNAIRE

1. Please answer the questions by putting a ✓ in the appropriate box or by writing your answer in the space provided.
2. Your answers will be kept in total confidence and will only be used in statistical analysis.
3. When you have completed the questionnaire please fold as instructed and return it to us.

1. How often have you used the local buses, if at all, during the last four weeks? *(Please tick a box)*

Not used a bus at all

☐

*Please go to
question 7.*

Less than once a week

☐

Once or twice a week

☐

Three or four times a week

☐

Five or more times a week

☐

*Please
continue*

If you have used the buses only a little we would still value your opinions. Please answer the following questions from what you know about the services.

2. What do you think about the bus service on the whole?
(Please tick a box)

Very good

☐

Good

☐

Neither good nor bad

☐

Bad

☐

Very bad

☐

- 3a. As you may know, many of the services in this area changed recently (since the Autumn). Have you noticed any changes?
(Please tick a box)

Yes

☐

Please go to question 3b

No

☐

Please go to question 7

- 3b. If so, what have you noticed? *(Please write in)*

.....
.....

- 3c. Have these changes affected you? *(Please tick a box)*

Yes

☐

Please go to question 3d

No

☐

Please go to question 4

- 3d. If so, how have they affected you? *(Please write in)*

.....
.....
.....
.....

- 3e. As a result of these changes, do you use the buses:
(Please tick a box)

More often?

☐

About the same?

☐

Less often?

☐

4. What do you think of the changes since last Autumn? Are the new services:

(Please tick a box)

Much better?

☐

Worse?

☐

Better?

☐

Much worse?

☐

About the same?

☐

5. Now we would like to know how you think some particular aspects of the bus services have changed, rather than reports you may have had from friends or have read in the papers.

Please tick a box for each of the following to indicate what you think of the changes to each aspect of the bus service. (For example, if you think the reliability of the bus service is much better now than it was before the changes, then on the line marked "Reliability of Service" you should tick the box in the column headed "Much Better". If you cannot tell whether things have improved or not then tick "About the Same" but if you do not know how they have changed tick "No Opinion".)

	Much Better	Better	About the Same	Worse	Much Worse	No Opinion
Frequency of buses on:						
— weekdays	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
— evenings	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
— Saturdays	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
— Sundays	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Choice of places that you can now get to	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Whether you can use certain discount tickets on certain buses

☐
☐
☐
☐
☐
☐

Changes in adults' fares

☐
☐
☐
☐
☐
☐

Changes in child fares

☐
☐
☐
☐
☐
☐

How long the journey takes

☐
☐
☐
☐
☐
☐

Reliability of service

☐
☐
☐
☐
☐
☐

Convenience for where you want to go

☐
☐
☐
☐
☐
☐

Helpfulness of drivers

☐
☐
☐
☐
☐
☐

Chances of getting on the first bus

☐
☐
☐
☐
☐
☐

Chances of getting a seat on a bus

☐
☐
☐
☐
☐
☐

Comfort of buses

☐
☐
☐
☐
☐
☐

Availability of information on:

— timetables

☐
☐
☐
☐
☐
☐

— routes

☐
☐
☐
☐
☐
☐

— tickets available

☐
☐
☐
☐
☐
☐

6a. Is there anything else about the local bus service which is important to you? What is that?
(Please write in)

6b. Do you think it has become: (Please tick a box)

Much better?

☐

Worse?

☐

Better?

☐

Much worse?

☐

About the same?

☐

EVERYBODY ANSWER FROM HERE

7. Do you have any comments about the bus service?

(Please write in)

.....

.....

8. To help us analyse the questionnaire please would you give some details about yourself.

- 8a. Age Group:

Under 16	<input type="checkbox"/>	20-29	<input type="checkbox"/>	45-59	<input type="checkbox"/>
16-19	<input type="checkbox"/>	30-44	<input type="checkbox"/>	60-64	<input type="checkbox"/>
				65 and older	<input type="checkbox"/>

- 8b. Sex: Male ☐ Female ☐

- 8c. Are you?

Employed full time	<input type="checkbox"/>	Retired	<input type="checkbox"/>
Employed part time	<input type="checkbox"/>	Unemployed	<input type="checkbox"/>
Schoolchild/student	<input type="checkbox"/>	Other	<input type="checkbox"/>

- 8d. What is your position in the household?

Head of household/main wage earner	<input type="checkbox"/>
Wife or husband	<input type="checkbox"/>
Son or daughter	<input type="checkbox"/>
Other relative	<input type="checkbox"/>
Other (Please write in).....	<input type="checkbox"/>

- 8e. What is the occupation of the head of the household/main wage earner? (Please give as many details as possible, ie. job title, type of company/industry etc). If retired or unemployed please give former occupation details.

.....

.....

- 8f. If you are not the head of household/main wage earner, what is your occupation? (Please write in)

.....

.....

- 8g. How many children and adults are there in your household?

(Please write in below — include yourself)

Children (Aged 0 - 17 years).....

Adults (Aged 18 years or over)

Male

Female

9. How many cars are there available for use by your household?

(Please tick a box)

None	<input type="checkbox"/>
One	<input type="checkbox"/>
Two	<input type="checkbox"/>
Three or more	<input type="checkbox"/>

THANK YOU VERY MUCH FOR YOUR HELP.

NOW PLEASE FOLD THE FORM, AS INDICATED ON THE BACK PAGE, AND POST IT BACK TO US — NO POSTAGE STAMP IS NEEDED.

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