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July 2010

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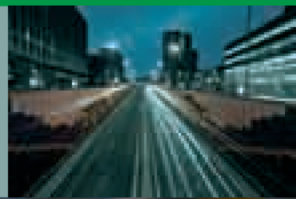

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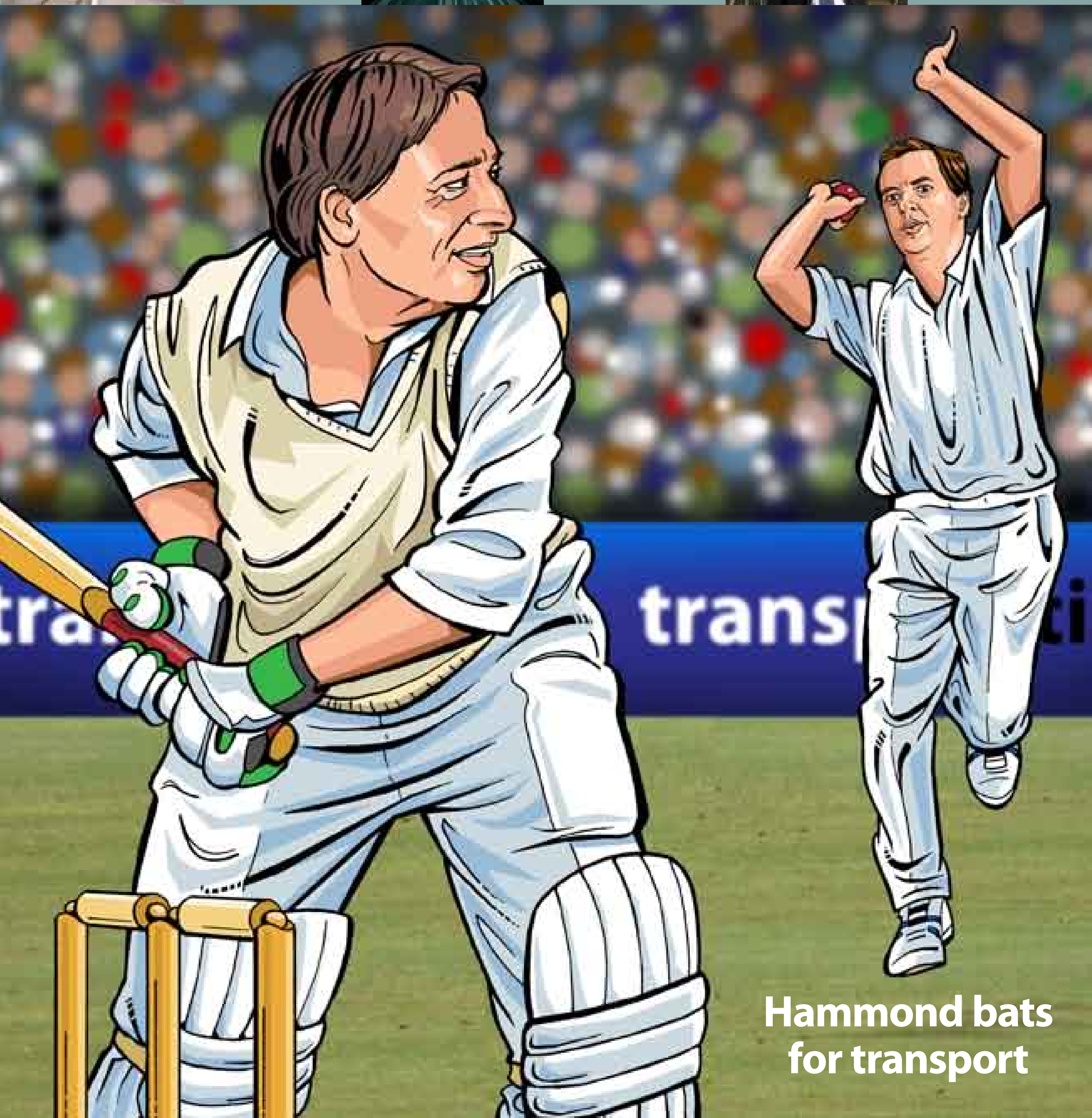
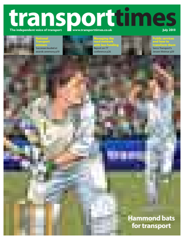


Hammond bats for transport



Cover photo: Dave Eastbury

Portrait photography: Simon Battensby

Transport Times is published monthly and provides news, information, analysis and comment on surface transport.

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Transport Times welcomes editorial contributions – news, features and opinions – which should be emailed to the address below. The editor reserves the right to edit all contributions for reasons of length and style.

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Printed by Stones, Unit 10, Acre Estate, Wildmere Road, Banbury, Oxon, OX16 3ES

ISSN 1759-1015

transporttimes

issue no: 74 July 2010

Coalition must think of the next generation

Last month we revealed in *Transport Times* that the Transport Secretary, Philip Hammond, would settle early in his budget negotiations with the Treasury for the comprehensive spending review to free himself up to sit on the Chancellor's Star Chamber. When Mr Hammond was shadow chief secretary to the Treasury, he had a detailed knowledge of departmental spending which was highly valued by George Osborne. The Chancellor would dearly like to have his old colleague sitting by his side to scrutinise departmental budgets.

Mr Hammond has now submitted DfT's bid after some tough negotiations taking place on transport spending. He is fighting a robust battle to preserve investment in transport infrastructure, particularly where he is convinced it is crucial to future economic prospects. I get the impression that he is prepared to make some tough decisions which will result in public transport fares rising at well above the rate of inflation as a price worth paying for retaining elements of his department's investment programme. It has been forecast in the media that train fares could rise by as much as 10% and with predictions on Bus Service Operator Grant (BSOG) being cut, or scrapped altogether, there are fears that bus fares could rise by a similar amount (see page 6).

While few would welcome public transport becoming more expensive – especially when we continue to have the highest fares in Europe – I would contend that it is a price worth paying if it can protect much-needed investment in infrastructure. Transport for London, under successive mayors, has continually made tough choices on fares to protect investment.

The key lesson we must learn from past public spending crises is that we have consistently got it wrong by turning off the investment tap and then questioning why we have the most crowded transport infrastructure in the developed world. Tell me another country that has such overcrowding on its roads, rail or airports.

> **He is fighting a robust battle to preserve investment in transport infrastructure, particularly where he is convinced it is crucial to future economic prospects**

Transport infrastructure must be planned and financed over a generation and not decimated by the latest turn in the economic cycle.

It would be easy for Mr Hammond to fall into the trap that grabs most politicians and think short-term. Fares increases are felt immediately and commuters in particular are a vociferous lot who will not be slow in venting their anger. It can take decades for capacity constraints to reveal themselves as a result of an investment holiday.

Not only do fares increases generate much-needed finance to fund investment they also slow down the growth in demand for transport which helps to limit overcrowding.

What is crucial here is that motoring costs should rise at least as fast as public transport fares. If they don't then expect congestion on the roads to rise as the public switch from bus and train to car. This will be detrimental to the Government's aim of cutting carbon. If the cost of transport in general rises and we try to protect investment then this will be the right strategy for both our long-term economic and environmental interests.

While a carbon tax would be the best way forward, if this proves to be too complex then the Chancellor should be prepared to increase fuel duty at above the rate of inflation. When motoring costs have risen in recent years it has given a noticeable boost to public transport patronage. This also happens to be good for the public finances as it increases the premium and reduces the subsidy paid by the DfT on rail franchises, and on the bus front it can make routes viable which previously required a subsidy.

Mr Hammond has remained firm in the face of Treasury questioning in supporting Crossrail. Number 11 Downing Street has never been a big supporter of the project. The Transport Secretary has made it clear that the cost of cancelling would be high, with so many contracts signed, and that this now gave the project a benefit-cost ratio of 8 to 1. Moreover he has been persuaded that without it London would be unable to cope with the growth in demand for cross-city travel, with dire consequences for overcrowding on the underground.

It was the former US President, Franklin Delano Roosevelt, who said that the difference between a politician and a statesman was that a politician thought only of the next election but a statesman thought of the next generation. If the coalition can protect as much as it can of transport investment which is crucial to the country's future economic prospects, and in a way which is respectful of the environment, then they will be acting in the UK's best long-term interest.

David Begg

David Begg is publisher of Transport Times.

contents

Transport investment 'among the best value for money' – Hammond

> **'I am immensely reassured that the transport sector has the people, the skills, and the appetite for innovation'**

Transport faces unprecedented challenges, but has the people, the skills and the innovation to tackle them head on, said Transport Secretary Philip Hammond.

Speaking at the National Transport Awards last week he said the awards ceremony was "a night of celebration when we recognise and honour some of the brightest and best in the transport sector.

"But tomorrow morning it will be shoulders back to the wheel, and I'm afraid I have to tell you that the wheel isn't going to get any easier."

Socially, economically, and environmentally, transport is crucial to the nation's wellbeing, he said. Challenges facing the sector included cutting carbon emissions, improving integration between different modes, creating "a sustainable cost base in our railways", and supporting urban regeneration. "But perhaps the greatest challenge is tackling all these with no money," he said.

Tackling the fiscal deficit would require hard choices and tough decisions but was a course of action "from which we cannot shrink".

He said: "Tomorrow I shall take to the Treasury my funding bid for 2011/12 to 2014/15. In about three months' time the Government will have announced the outcome of the spending review for the next four years.

Philip Hammond: "Transport is crucial to the nation's wellbeing"

"We already know that we face a 25% average cut in non-ring fenced departments and the implementation of the Labour government's plan for a 40% reduction in capital spending from a 2010/11 baseline."

But there were two pieces of good news.

"First, the Government has rejected further capital spending cuts as the easy but wrong option for tackling the deficit. As we work to support the recovery I firmly believe that if we get transport infrastructure investment right we will demonstrate that transport investments are among the best value for taxpayers' money that we can find, delivering economic benefits of many times their cost."

The second piece of good news was that the measures the Government was taking should get the public finances back in balance by 2015. "Judged against the lead times of major transport infrastructure investment that timescale is a manageable one," he said.

In the meantime scarce capital would have to be "focused relentlessly on those projects that have the best chance of delivering the growth and the jobs and the economic regeneration that Britain so desperately needs."

That meant "squeezing more out of every scarce pound", "re-examining and reinventing the way we work and the way we do business" and "sweating the existing assets, wringing the last drop of worth from them".

It also meant "finding new and innovative ways to fund capital investment and to attract private investment in support of the public capital that is available."

He concluded: "I am immensely reassured that the transport sector has the people, the skills, and the appetite for innovation to meet this once-in-a-generation challenge head-on," adding: "I need to call on every ounce of your commitment and determination as we face the triple challenge of rebuilding our public finances, rekindling economic growth and delivering our 2020 carbon reduction targets."

Baker looks for progress on cycling

Britain lags well behind the rest of Europe in walking and cycling, transport minister Norman Baker told a *Transport Times* conference.

This was despite 38% of journeys being under two miles, and 66% under five miles, the ideal length for walking and cycling.

Mr Baker gave the keynote speech to the event, *Meeting the future needs of local transport*, which took place before the National Transport Awards last week.

He said that in the Netherlands, where there were more bikes than people, 26% of journeys are made by bike, while in Copenhagen 36% of people cycle to work. In Britain only 2% of journeys are made by bike.

He stressed that cycling has proven benefits for health and the environment, while cycling schemes generally have a good cost-benefit ratio and give a good return on capital. Also, women were less likely to cycle than men, which is not the case in Europe. "We need to find out why and make progress," he said.

Cycle ownership was also high in Britain, he said, "which tells me people want to cycle but don't actually do it" – either because they didn't feel safe, or "the encouragement isn't there".

Britain was also near the bottom of the European league table on walking. "There's a long way to go to meet the European average on cycling and walking," he said.

He also stressed that part of his brief was a new concept, alternatives to travel. Under this heading he was looking at such things as home working as well as ways of encouraging car clubs and car sharing.

"We want to do more on this front," he said. "It's good for the environment, good for businesses because it saves costs, and good for social mobility."

He also singled out end-to-end travel, the first or last couple of miles of a journey, as an area "where we can make progress". He said "People tell me when they go somewhere like Norwich they will drive all the way because they don't know how to get from the station for the last two miles of the journey. How would it be if you could have a train ticket to Norwich which also included car hire, bike hire or a taxi at the other end to get you to your destination, the simplicity of a ticket with guaranteed connections to where you want to go?"

Alluding to the "difficult economic times", he said the DfT was "focused very clearly on helping the economy, creating jobs, cutting carbon and delivering localism, and transport has a key role in that." He continued: "Despite the present situation, when the clouds clear I think we'll be in a good position."

Scrapping BSOG 'would trigger 10% fare rise'

England's local bus networks will be at risk from Beeching-style cuts if the Government withdraws Bus Service Operators Grant as part of its spending review, a coalition of pro-public transport groups has warned.

Local authorities, bus operators, transport campaigners and unions have written to Transport Secretary Philip Hammond to warn of big fare rises, service cuts and job losses if BSOG is scrapped.

They fear a decision could be made in weeks to cut the grant, formerly known as the fuel duty rebate, which refunds bus operators 80% of tax they pay on diesel they use in running local registered bus services. It also covers many rural, school and socially important services.

Scrapping BSOG would have damaging and wide-ranging consequences for local communities, public transport services, low-income groups, the UK economy and the environment, the group warns. A letter has been sent to all 533 MPs in England and an Early Day Motion supporting retention of BSOG has been laid down in Parliament.

Stephen Joseph, executive director of the Campaign for Better Transport, a co-signatory to the letter, said: "Scrapping BSOG could do for England's buses today what Beeching did for the UK rail network in the 1960s. In many areas, it could tip buses into a spiral of decline with fare rises, falling patronage and service cuts, all with impacts on some of the poorest in society. It would trap people into dependence on cars and add to local traffic problems. Pensioners could find themselves with free bus passes but no buses on which to use them."

Cllr Mark Dowd, chair of PTEG, representing the six integrated transport authorities, and also a co-signatory, said: "Outside London the bus is the main form of public transport – and is also relied upon the most by low-income households. Yet, despite this, levels of Government support are a very small proportion of those the rail industry receives and even these relatively modest BSOG subsidies are now under threat. If we want to reduce carbon from transport, give jobless households the means to access work and ensure that our cities keep moving then we need to ensure bus networks are maintained – and that means buses should get their fair share of Government support."

The letter warns that the effects of scrapping BSOG would include:

- A 10% rise in bus fares overnight, with a similar 10% cut in commercial bus services. The cuts would be most acute in rural areas and on lower-used evening and weekend services. Even services in urban areas would be affected.
- Bus operator costs would rise by around 10%. Combined with running fewer services, this could lead to the loss of up to 10% of the 170,000 people employed in the bus industry, a quarter of which is made up of independent and smaller operators, many of whom run rural and tendered services. Reduced investment would result in drastic cuts in new buses, with devastating consequences for UK manufacturers and suppliers.
- Transport authorities and local councils, whose budgets have already been cut, would be unable to make up the funding shortfall. All local authority subsidised services would become unprofitable, requiring either 10% more contract payment or service cuts. The costs of running a significant number of school services would also be increased. Local authority funded concessionary travel reimbursement would have to increase by 10% in line with fares.
- Government finances would be hit, with savings on BSOG significantly eaten up by increases in the welfare budget through higher unemployment, higher costs of supporting previously commercial bus services, and lower tax income from successful bus operators, manufacturers and suppliers.
- Communities would be damaged, as the sharp rise in the cost of bus travel and cuts in bus networks would increase car use, worsen congestion, damage the environment and lead to higher costs for businesses.

A previous study for the Government by the Commission for Integrated Transport found that every £1 invested in BSOG provided between £3 and £5 of wider benefits.

Brian Scouter: "Scrapping BSOG would be a huge, regressive tax hike."

Brian Souter, Stagecoach Group chief executive, said: "We have attracted 15% more passengers to greener bus travel in the past five years. We have done it by offering the best value fares in Britain, investing hundreds of millions of pounds in new buses and passenger improvements, and working in partnership with local authorities.

"Scrapping BSOG would mean a huge, regressive tax hike for bus passengers, would cost jobs and be bad for business. The worst impact would be on the pockets of the poorest in our society whose bus services are a lifeline and it would put many smaller bus operators and other suppliers out of business."

Transport minister Norman Baker told the House of Commons last month: "The benefits of that grant are clear: it ensures that the bus network remains as broad as possible, while keeping fares lower and bringing more people on to public transport, with the obvious benefits of reducing congestion, lowering carbon emissions and improving air quality in our towns and cities."

The group argues that bus passengers, many of whom are on low incomes, already pay more fuel tax than wealthier air and rail passengers. While buses still pay a significant amount of fuel tax, aviation pays none. BSOG is equivalent to a £437m annual investment in buses. In contrast, aviation gets a £6.5bn a year tax reduction by paying no fuel duty.

Co-signatories to the letter to politicians include:

- Campaign for Better Transport
- Confederation of Passenger Transport UK
- Greenpeace UK
- pteg
- Friends of the Earth
- Campaign to Protect Rural England
- UNITE
- Community Transport Association
- Guide Dogs
- UNISON
- RMT
- Bus Users UK

DfT faces a choice of how to moderate bus industry profits

By David Leeder

The publication of LEK's report for the DfT into bus industry profitability raises the stakes in the 25-year long bus regulation debate.

The fundamental conclusions are that UK bus operators in England are earning higher returns on capital employed than their cost of capital would predict as reasonable, and that this outcome is explained by natural barriers to entry and observed patterns of operator (mis)behaviour. These are more serious charges than the very dry technical presentation might suggest and they raise fundamental issues about future regulatory policy.

The report is, as one would expect from LEK, technically robust and well argued. But it does not pretend to be the complete picture.

First, the aggregate trend in profits has been downwards for some years. Given what we know about congestion levels and the wage aspirations of bus staff, a "do-nothing" forecast is probably falling profits – especially for those operators whose territories are demographically unfavourable and who have struggled to master the new agenda of passenger growth.

Second, any reduction in UK bus margins would place certain industry players – including some of the largest – under real financial stress. This is because the debt levels built up over time are in some cases high in relation to the free cash flows of the groups as a whole (including rail and overseas activities): if UK Bus can't pay the dividend on the shares, and the coupon on the bonds, something will have to change.

The DfT will rightly argue that the capital structure of these companies is a matter for the management and shareholders – and the economic doctrine of hard-cheese will doubtless be applied. Given the questionable returns from UK Rail, and with weaker cash flows from UK Bus, some current capital structures may be hard to sustain and could prompt significant divestments or other restructuring measures to accommodate to the new economics.

LEK point out that operations in the PTE areas generally show the highest returns on capital. But while these operations have historically been the most cash-generative, they are also the most prone to structural passenger loss as car ownership catches up and employment and shopping disperse to the suburbs. Operators with greater exposure to cathedral cities and shires, and with the management expertise to nurture growth, are arguably in a much stronger position than those in Northern urban areas where bus use continues to fall.

This is a report on economic returns, but it immediately prompts questions of the possible consequences for economic regulation.

If the DfT accepts LEK's analysis (and whatever comes out of the continuing Competition Commission review), it will need to decide how bus company returns can be moderated. In broad terms there are only two choices – economic regulation and competition policy.

Economic regulation has been tried before. From 1930 to 1980 the traffic commissioners discharged an economic regulation function for the bus industry – capping fares and limiting service provision. It was not a happy period. The commissioners were being asked to make trade-offs between an undefined "reasonable" rate of return and equally vague concepts such as "hardship", "wasteful competition" and the "public interest".

Protection of the railways from bus competition remained a major element of policy for over 40 years. Networks quickly ossified after 1930, and operators enjoyed protected positions and high returns until about 1950, when the commissioners took on the Canute-like role of trying to limit fare rises and service cuts in the face of ever-rising operating costs, car ownership and congestion. It is fair to say that they got their feet wet.

The pre-1980 traffic commissioners certainly didn't look like a modern economic regulator. But can the bus industry afford the enormous overheads and compliance costs that have built up in the rail and utility sectors since the 1990s? Something more minimalistic is needed: there is a risk that the failings of the operators will be replaced by regulators with expensive glass offices, whose costs will inevitably be charged to fares or subsidies.

Regulation will also need to avoid perverse incentives. Utility-style regulated rate of return is unlikely to be right for an industry where quality of service drives public interest objectives. When Ryanair's Michael O'Leary attacks the failures of BAA, what he is saying is that the regulated airport operators have financial incentives to over-invest in elaborate and expensive capital assets on which they can earn their x-percent target return. Similar charges can be made against Network Rail.

This is the last thing that the passenger or the taxpayer will want from the bus industry.

Another problem is how to encourage positive outcomes. Some operators have achieved high financial returns on the back of improved service, excellent marketing and increased passenger numbers. Any regulatory regime must allow such virtuous behaviour to be rewarded not discouraged.

There are alternatives. One option is "competition for the market" – the quality contract scenario where local authorities organise monopoly bus networks and seek competitive bids for their operation. These may moderate financial returns but it is not clear to me that public sector monopolies of the sort we see in Northern Ireland or London can provide the best outcome for passengers, especially at a time when subsidies will be cut.

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Any reduction in bus profit margins could put some of the largest industry players under stress

> **'The report is, as one would expect from LEK, technically robust and well argued. But it does not pretend to be the complete picture'**

from page 7

The other option is competition in the market in which the DfT would moderate returns by encouraging more on the road competition. Nobody in retail expects (or would allow) Tesco to offer free food until the neighbouring Sainsbury's went out of business. The evidence of the post-deregulation bus industry is that many operators and authorities behave as if they really believe in local monopolies. Of course, they never actually say this.

What is needed is sustained price and quality competition of the sort that constantly moderates returns in the retail sector and rewards innovation and customer service within a fiendishly complex and competitive market. Significant structural change and behavioural oversight would be needed before anyone believed the bus industry could achieve this sort of outcome.

This will not be painless, but it would allow much more room for innovation and diversity of service. What might be needed to achieve it?

- Some depots would have to be sold (or shared, as is common in Germany) to ensure that larger towns had more than one operator and some kind of competitive tension
- Travelcards would have to be made inclusive to open up networks to new entrants
- Clear rules would be needed to inhibit predatory pricing and over-bussing
- Access to bus stops and bus stations would need to be managed through clear protocols to ration scarce capacity
- New obligations would be needed on operators and authorities to ensure impartial and comprehensive price and timetable information
- Finally, maintenance and operation would need to be rigorously policed to ensure that competition in the market was not associated with any erosion of safety or quality.

For most of the last 25 years the demands for bus industry re-regulation have come from the ideological left. It will be hard to portray either the Cameroonian DfT or LEK as closet Marxists. The bus industry will need to come up with convincing economic counter-arguments to defend the status quo, or put forward a workable plan that allows sustained and high quality competition to be the market norm and not the exception.

David Leeder is chief executive officer of consultant Transport Investment Ltd (www.transportinvestment.co.uk)

LEK report 'highly questionable'

Comment by Chris Cheek

Public spending on the bus industry in total has doubled in real terms since 1997. This has happened for five reasons – most of which have resulted from government decisions rather than operator-led appeals for subsidy:

- the introduction of free concessionary travel (a Gordon Brown decision, not a DfT one)
- the commitment to peg Bus Service Operators' Grant at 80% of fuel duty (again, a Gordon Brown decision)
- increased central government spending on industry micro-management through challenge schemes and the like
- increases in local authority spending thanks to rising industry costs and cutbacks in commercial networks
- The growing cost of bus service provision in London (largely driven by Mayor Livingstone)

Significantly, this has returned spending in real terms to the levels last seen in the early 1980s – the factor that triggered last major industry shake-up in 1985.

There is a belief in the UK that legal reform and reorganisation can be the solution to all problems. There are a number of major differences between the current position and the previous reorganisations of transport built on legislative and organisational reform. The first is (or should be) experience.

Experience should teach us that change that ignores the fundamentals of the market for transport is doomed to fail. This is the clear lesson from 1968, 1972 and 1985.

Successful policymaking, like successful commercial activity, comes from a deep understanding of the issues, the people and the market, and developing products or policies that serve it well. This is what has driven industries such as telecommunications and IT over the last 20 years and could yet deliver the same levels of innovation and growth in public transport provision – provided that government stops interfering and gets out of the way.

The second major difference is money. Ever since the war, siren voices have always said, "If only we could have a bit more money, minister, everything would be wonderful." Generally speaking some money has eventually been provided.

The DfT approach risks giving another twist to the industry's cycle of decline

This time there is no more money – and what's there today is going to get cut savagely over the next five years. This argues against further organisational change, since upheaval almost always creates unforeseen cost increases.

Unable or unwilling to force organisational change in the bus industry, the DfT has resorted to the competition authorities to do it for them, and meanwhile is in the process of convincing itself that it is perfectly safe to abolish BSOG and reduce concessionary fares reimbursement by decreeing that profit levels are too high.

And this is where, in my view, the Department is being myopic.

The LEK report published last month purports to show that profits are too high, but does so on the basis of highly questionable inflation numbers, some heroic assumptions about balance sheet construction, and a risk premium for lenders and shareholders which seeks to position the bus industry as a utility alongside water and electricity companies, which is totally inappropriate. None of this is remotely credible.

This may enable the Buses and Taxis Division at the DfT to abolish BSOG and reduce concessionary fare reimbursement levels "with a clear conscience". But it won't deliver the cash that operators need to keep their investors happy at the actual levels of return they need to generate, nor therefore will it help the passengers who lose their service or find their fares increased as a result. Nor will it help the existing small entrepreneurs or encourage new entrants to the independent sector, who offer the Department its best hope of helping to maximise the size of a post BSOG bus network.

Worse still, this whole approach is an absolute gift to all the nay-sayers and climate change deniers in local communities, and will make it even more difficult to persuade local authorities to take pro-bus measures when traffic congestion rises as the economy recovers. As a consequence, the industry risks becoming even less efficient, giving yet another twist to the industry's cycle of decline.

And, perhaps most short-sighted of all, it will not help the major transport groups to step in and help the DfT out of the latest financial mess it has got itself into in the rail industry. If, as Transport Secretary Philip Hammond quite clearly believes, the bill to the taxpayers can be cut if train operating companies take more risk in longer franchises and by assuming responsibility for more investment in the network, who is going to provide the money? The City, of course, through being persuaded to invest in precisely the same industry that the DfT's Buses and Taxis division is now attacking.

This is not joined up Government; it's not even joined up transport policymaking. Government transport policy has long been a rich source of amusement to *Yes Minister* fans, and this is entirely consistent with the sort of approach to government that aficionados of *Yes, Minister* would expect.

Chris Cheek is a director of the TAS partnership

Radical shake-up of Network Rail looks more likely

Feeling is growing in the industry that the time is ripe for a radical reorganisation of Network Rail.

Three events have coincided to support this view: the DfT's acceleration of Sir Roy McNulty's review of value for money in the rail industry; the announcement by transport minister Theresa Villiers that the Government will undertake a consultation on rail franchise reform; and the announcement that chief executive Iain Coucher is to step down from Network Rail. This appears to open up an opportunity to remodel the organisation.

Sir Roy McNulty was asked by Transport Secretary Philip Hammond to bring forward his report, with preliminary findings ready to feed into spending decisions in the autumn comprehensive spending review.

A scoping study said that the review will look not just at cutting costs, but also at identifying how the industry can work more innovatively, finding new ways of doing things.

It will have eight broad themes: industry objectives, strategy and outputs; industry leadership, planning and decision-making; interfaces, incentives and structure; revenue; asset management; supply chain management; innovation, standards and safety; and people.

The review was launched last

Merseyrail would be a candidate for "vertical integration"

December and was originally due to report next March. The context is that international benchmarking carried out by the Office of Rail Regulation suggests that Network Rail is 30 to 50% less efficient in maintenance and renewals than comparable European railways; the recent HS2 study found that civil engineering costs in the UK were typically up to double those in Europe; and franchising of trains in countries such as Germany and Sweden has led to cost reductions of between 20 to 40%, while train operating costs in Great Britain are still above their level in 1996-7.

Meanwhile the Government has announced that it will conduct a review of rail franchises, and has postponed the imminent competition to re-let the Greater Anglia franchise as a result. In answer to a Parliamentary question Ms Villiers said: "As a step towards implementing the coalition agreement proposals on rail franchising, the Government has decided to hold a consultation on future franchising policy, which will include franchise duration. The consultation will be launched shortly."

The likelihood is that the review will lead to longer franchises, which train operators say will provide a greater incentive to invest and will give them more flexibility to introduce improvements.

The explanation for Mr Coucher's unexpected departure was that he did not want to commit himself to remain in post for the four years it will take to put in place Network Rail's next five-year investment plan for the period beginning in 2014, so that it was better to hand over the helm now.

The manifestos of both coalition parties favoured more cosmetic changes to make Network Rail more accountable, rather than a radical overhaul. However, given the scale of the cuts in expenditure the Government is grappling with, and increasing frustration at what is seen as poor value for money from Network Rail, there is a view developing that there is a need to be more radical.

Observers say Sir Roy McNulty is an incrementalist and not someone who leaps at radical change. He will want to avoid further upheaval in the industry and may be more inclined to drive costs out of the business by making the existing structure more efficient.

At the other end of the spectrum Tom Windsor, the former rail regulator, has made a strong case for re-privatisation, which he argues would raise up to £12bn or 10% of the fiscal deficit.

He contends that the fact Railtrack failed doesn't imply that privatisation won't work.

An intermediate option would be to organise the industry on the basis of Network Rail's regions, possibly opening the way for a vertically integrated structure in which the franchise holder would be responsible for operation and infrastructure maintenance.

Front runners for this treatment would be ScotRail and Merseyrail. Jeroen Weimar, managing director of Serco Transport, which operates Merseyrail services with Abellio, expresses enthusiasm for this in an interview in this issue.

Jim Steer, page 12; Michael Roberts, page 18; Jereon Weimar interview, page 29

Simplify ticket machines, says watchdog

Passengers find railway ticket machines confusing and often abandon attempts to use them, preferring to queue at the ticket office instead, according to new research by Passenger Focus.

The passenger watchdog calls for the process of buying a ticket to be "radically simplified".

Anthony Smith, Passenger Focus chief executive, said: "Passengers catching a train for the first time or buying a different type of ticket from their normal one may well be defeated by ticket machines. This stress adds unnecessary pressure to buying a ticket. Ticket machines can present bewildering jargon, a barrage of information and choices as well as incomplete information about ticket restrictions. As a result some passengers would rather queue to speak to a member of staff, buy more expensive tickets than they need to or just give up and join the ticket office queue."

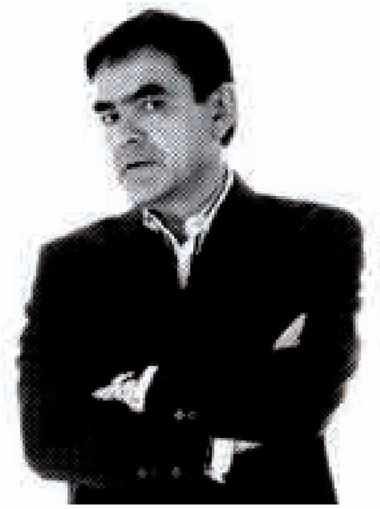
He added that many passengers who buy a particular ticket often, or use a familiar ticket machine may have less trouble.

Separately the watchdog looked at some station ticket queues where problems had been reported and found that queuing times frequently exceeded industry guidelines, especially at off-peak times.

Mr Smith said: "As a result of this research some changes have already been made to machines and Passenger Focus is working with the train companies to radically simplify what should be the straightforward process of getting a ticket. Most important is clear information about when off peak and super off peak tickets are valid."

David Begg's MINISTER WATCH

Transport Times' publisher **David Begg** on what's going on around Whitehall



Our Secretary of State made the effort to give the keynote address at *TT'*sNational Transport Awards dinner in Manchester. He even travelled second class on Virgin to make the round trip! No one can accuse Mr Hammond of not leading by example in these financially constrained times. It does seem a bit hair shirt to me though!

He spent the time on his train journey redrafting his speech to give it more of a personal flavour. While the message was still "there is no money", it was delivered in a polished way which drew empathy from the audience. He has a gift which is invaluable for a politician of getting his audience on side with his message.

Philip Hammond's attempt to cut his department's expenditure by recommending increasing the entitlement age for concessionary travel to 65 is a welcome step in the right direction. I get the impression that he would have wanted to go further but was constrained by pre-election promises made by his party. Press reports would indicate that even this modest step has met resistance from Number 10 as it breaches pre-election promises.

Mr Hammond was right to request free concessionary card holders who can afford to pay for their travel to do so. However, don't expect a good response. It is surprising, given the scale of the cuts in expenditure, that a policy which was hard to justify even during the good times can survive the axe now! It looks like the only way entitlement will be rationed is with the rising retirement age.

Mr Hammond has ordered a review of the high speed rail route to benchmark a London-Birmingham-Manchester-Leeds route against the preferred Y-network recommended by HS2 last Christmas. I would be surprised if the trans-Pennine leg from Manchester to Leeds stacks up. Wearing my Northern Way hat, we had high hopes for this alignment but the business case was poor, given the high cost of tunnelling across difficult terrain.

We concluded that improving the existing route – with passing loops and electrification – with interoperability with HSR was a better option.

Full marks to Norman Baker for recommending 20mph speed limits in all urban areas. The limit can be introduced under existing legislation and has been successfully tested in a number of cities with a pilot in London showing that casualties fell by more than 40%.

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Mr Baker has lived up to his radical credentials by backing this initiative, emphasising that urban streets are not the preserve of cars and that their ownership must be shared with pedestrians and cyclists. Hopefully this will help to allay fears that the Government is going soft on road safety.

Mr Hammond's decision to delay any announcement on the Inter-City Express Programme (IEP) till the comprehensive spending review in October was an expected response to the review of the programme by Sir Andrew Foster. The review was unsurprisingly critical of the DfT for "cutting itself off from the wider railway industry" and relying too heavily in outside consultants.

I had not appreciated that the new bi-mode trains would be short of power on the non-electrified sections, such as Great Western and the Scottish Highlands, and slower than the current trains. Even if we were not in the middle of a spending clampdown the order would not get the go-ahead given the report's questions regarding the practicality of the scheme. Not good for Whitehall's credibility as a procurer.

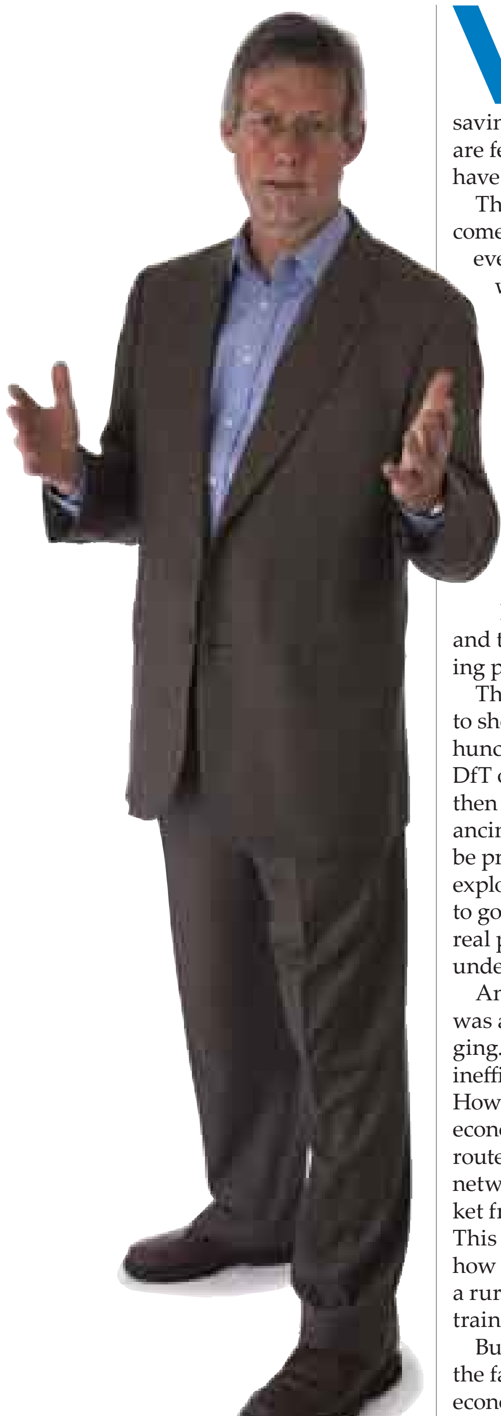
Well done Stephen Glaister of the RAC Foundation for publishing an excellent report on Governing and Paying for England's Roads. The S of S was on the BBC's *Politics Show* with Prof Glaister but unfortunately ruled road pricing out for the next 20 years on the basis that fuel duty was a better option. This runs contrary to the coalition's desire to tackle rural transport problems, where fuel duty hits harder and where the external costs of motoring are less than they are in urban areas. It would have been preferable for Mr Hammond to acknowledge the merits of road pricing but to concede that the public was still not persuaded.

Norman Baker: backing 20mph speed limits in all urban areas

jim steer

Loosen the reins, step back and efficiency will follow

The Department for Transport should abandon over-specific rail franchises – instead it should set broad ambitions and leave bidders to work out the most cost-effective approach



When it comes to spending reviews, there are known savings and unknown savings. The larger capital projects are felt to be known, because they have well-trailed price tags.

The savings that are unknown come from "efficiency", and nobody ever knows what they might be worth. It's a matter of backing a hunch. And efficiency has several meanings. To take a recent example from seven years ago, the DfT believed it could save about £100m each year on the cost of leasing railway rolling stock. No doubt it had some evidence it was over-paying the ROSCOs, and HM Treasury found itself in agreement. But several regulatory referrals later, there is no sign of a rebate, and that particular "efficiency" saving proved illusory.

The point of this example isn't to show the folly of backing such a hunch, but to point out that had the DfT of the day not pursued this area, then some other visible budget-balancing measure would have had to be proffered in its place. It's right to explore all avenues, and wrong just to go after the plainly visible. But the real prizes are buried deep in the undergrowth.

And now is the time, if ever there was an opportunity, to do the digging. There are some truly wretched inefficiencies lurking in the deep. How convenient it was to conceal the economics of service provision at the route level in either the bus or the rail networks, masked by BSOG and blanket franchise payments respectively. This way, nobody would ever know how much it costs society to provide a rural bus service or a late evening train on a per passenger basis.

But what I have in mind are not the favoured targets of transport economists seeking a smaller, optimised network, but the customs and practices that have grown around the industry. The roots of the problem lie in misplaced good intentions, in the incentive regimes and in the protections introduced to ensure that unscrupulous operators don't scrimp on delivery.

The rail sector has been paralysed by a compliance culture combined with departmental over-specification. When money is tight, we have to question whether we can afford all the policy safeguards.

The Department will be understandably nervous about letting go the reins. It will wonder how in practice this will lead to savings on the public expenditure account. Well here's how.

> **The franchise re-let is the chance to see what the private sector can come up with**

The key control mechanism for rail is the franchise agreement. With many franchises up for a competitive re-let over the next three years, this is a huge opportunity. The department needs to step back and specify the desired outcomes, not the detailed outputs.

So when it comes to the Great Western, for example, the ambition (outcome) would be a lower cost/higher revenue railway which supports growth and reduces carbon. The Government would like to see the route electrified, with lower running costs, but not at any price. The franchise re-let is the chance to see what the private sector can come up with as a cost-effective approach, working in partnership with Network Rail and the other industry players.

This way, specifying the uncontrollable is avoided ("bidders should assume that the Thameslink Class 319 fleet is available on [specified date]"). Leave it to bidders to work out the what, how and when, and embrace the different approaches that come back, because they can all be fairly compared with the available set of appraisal devices. As long as the Government is prepared to pay for enhanced asset values at the end of the franchise, change towards more efficient outcomes will be duly rewarded.

It will all come as a shock to the train operating companies who are better equipped to act in response mode to changes demanded by others. This has created a claims culture, which can only fall to the taxpayer to fund. How much better to have the train operating companies actively pursuing a vision set out by government in which they are respected as valued delivery partners?

The McNulty review is looking at the question of efficiencies in the rail sector, but it can only go so far in putting a monetary value on the savings that will be achievable. Ministers will have to back their own judgment and convince the Treasury the savings targets are realistic. They will have to be bold and tackle the underlying problems, not be satisfied with tinkering at the margins. Let's hope they are ambitious, because otherwise the transport sector will be joining the banks in letting down future generations: for every £ identified for efficiency saving, there's a £ that can be used on genuine enhancement and expansion.

And yes, we do need to expand rail: as David Quarmby, chairman of RAC Foundation, pointed out last month, demand growth since 1995 has been just 11% by car but 59% by rail, a trend that will most likely continue as and when the economy shifts back into growth mode.

Jim Steer is a director of Steer Davies Gleave and was responsible for strategic planning at the erstwhile Strategic Rail Authority.

Councils cannot continue to subsidise bus industry

Local authorities pay bus companies £1bn a year through concessionary fares and supported services, and the figure is increasing at an unsustainable rate. It is time to recast the relationship

As local authorities come to grips with the consequences of the government's budget announcements, there will be an increasing recognition of the limited ability to meet new financial targets through improved efficiency alone. Cuts to frontline services are inevitable. Many will be trawling through "discretionary" and "statutory" service provision, only to realise that in reality there are very few aspects of service delivery that they have any meaningful decision-making powers over.

Transport services are likely to be the main target area irrespective of their importance in supporting economic recovery (the pre-budget cuts to government grants have confirmed that). Traditionally, highway maintenance has been the first port of call but the recent public backlash over the condition of UK roads means that many will be now be questioning the level of support councils provide to passenger transport and the value of the return they receive.

Around 60% (£2.9bn) of the total turnover of the bus industry is accounted for by subsidy paid by the taxpayer (including concessionary fares, supported services and Bus Service Operators Grant). This is proportionally more than the subsidy paid both to Network Rail and the train operating companies.

Around £1bn of this comes from local authorities, including London. The rate of increase of subsidy is in the order of 9% annually. If this continues, the burden on council budgets will be unsustainable and the pressure to cut other services, like highways, accentuated.

The recent report for the DfT by LEK (*see* David Leeder, *page 7*) revealed that the majority of operators make returns on capital in excess of the market norm – that is, excessive profits. In tandem with this, the cost control exhibited by many companies is weak and 1.3% of their total growth of 2.3% has been put down to inefficiency. These findings will cause considerable disquiet among local authorities, which could result in a fundamental challenge to the system of supporting bus services.

It was not that long ago that passenger transport was treated as an afterthought by local government planners and the notion of integrated transport was considered a taboo subject. The transport profession has fought hard to rectify this but the evidence suggests that somewhere along the way we have lost a sense of proportion, and inefficient services have been protected inadvertently by policy-driven objectives which may not have achieved the desired outcomes. We've all seen bus services with hardly any passengers, and bus subsidies that vary from 30p per passenger journey to over £15 per head. We must be more challenging over the level of support we provide.

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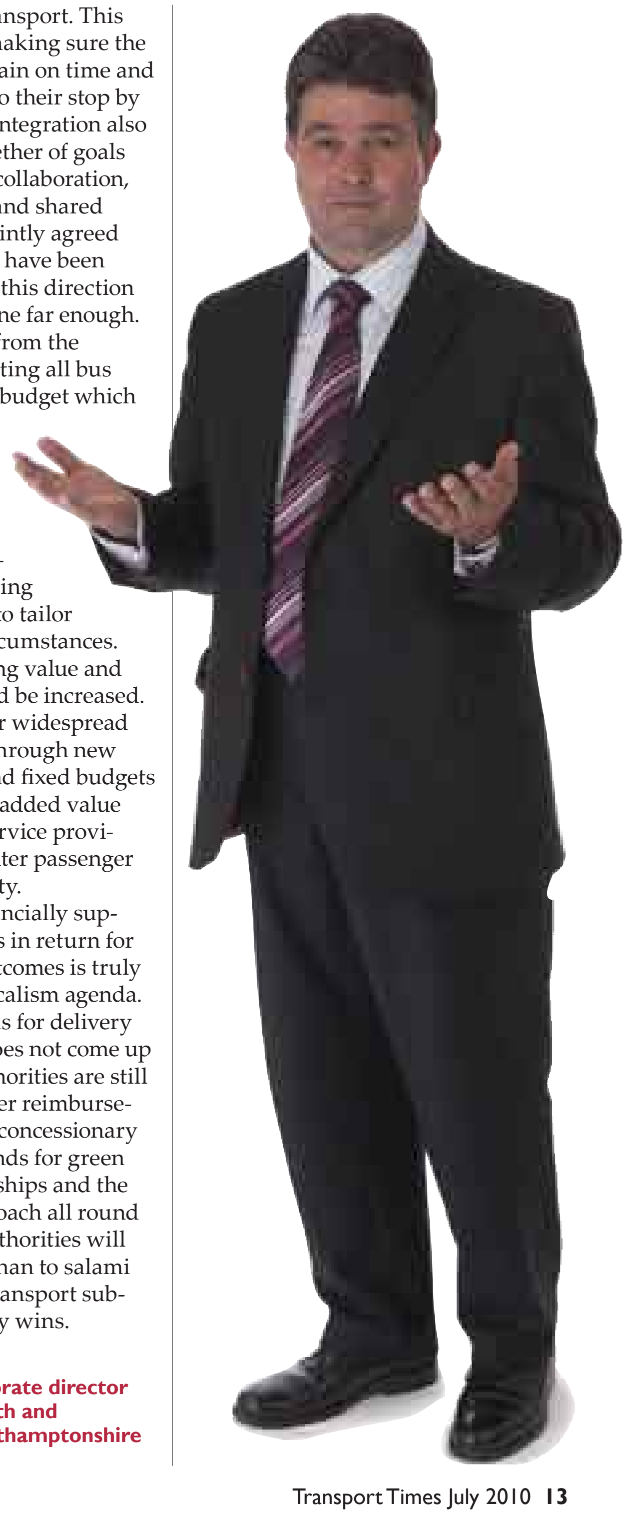
Public pressure over the thought of any cuts in "socially necessary" bus services will be immense. Attempts to amend or cut bus service levels generate massive public reaction and it is not unusual to see a proposal to cut a service carrying six passengers being resisted through petitions of 600 or more local residents!

Bus operators may feel uncomfortable with reform. However the burden on the public purse is unsustainable and something must change. Part of the solution will depend on fully achieving what was originally understood by integrated transport. This was not solely about making sure the bus met up with the train on time and that people could get to their stop by cycling and walking. Integration also means the joining together of goals and ambitions, closer collaboration, collective investment and shared resources to achieve jointly agreed outcomes. While there have been some achievements in this direction clearly we have not gone far enough.

The latest thinking from the LGA suggests aggregating all bus subsidies into a single budget which would be cash limited and managed at the local level. This would allow greater flexibility between the separate funds for passenger transport, creating greater opportunities to tailor investment to local circumstances. The potential for adding value and for true localism would be increased. There is no appetite for widespread quality contracts but through new partnerships set around fixed budgets there could be greater added value across all aspects of service provision that generate greater passenger growth and profitability.

The principle of financially supporting bus companies in return for locally determined outcomes is truly in keeping with the localism agenda. There are many models for delivery but the existing one does not come up to the mark. Local authorities are still locked into debates over reimbursement mechanisms for concessionary fares and bidding rounds for green buses, quality partnerships and the like. A change of approach all round is required, or local authorities will have no option other than to salami slice their passenger transport subsidy – and then nobody wins.



Tony Ciaburro is corporate director for environment, growth and commissioning at Northamptonshire County Council.

christian wolmar

Railways and their unintended consequences

Both the original rail network and high-speed rail in France brought about significant unforeseen effects. What does this mean for the UK's proposed high-speed line?

My new book *Engines of War*, which is published next month, highlights a little-known aspect of the history of the railways. They were responsible for enabling warfare to be carried out on a far bigger scale than anything before. Whereas Napoleon could bring together a few hundred thousand troops for a short period of time, his armies had to be on the move soon afterwards as otherwise they would run out of food – especially for the horses, which were ultimately more important than the men.

The railways changed that. By making the line of communication so much more efficient, armies could now stay in the same place for a long period of time, knowing that the railway network behind them would keep up a steady supply of men, munitions and food.

Yet, paradoxically, once troops got off the trains, the lack of good roads and motorised transport meant that they were in the same position as their predecessors in Napoleonic or even Roman times. The three and a half year stalemate on the Western Front during the First World War was the ultimate expression of this contradiction. It was only when the sophisticated weaponry of the second half of the 20th century was developed that the railways no longer played a central role in war.

I mention this not just to satisfy the author's ever-pressing need to publicise his books, but also because there are important lessons about the unintended consequences of technological progress and change. The development of the railways was mostly a force for the good. They allowed people to travel across countries and even continents in an unprecedented way and stimulated the remarkable economic progress of the 19th century. The fact that the railways allowed war to take place on an unprecedented scale was an unintended consequence that no-one had foreseen.

I am spending July cycling through France, criss-crossing the main arteries on tiny little *routes departmentales* and even *villageoises*, and the impact of the transport revolution brought about by the car and now the internet is all too apparent.

"The fact that the railways allowed war to take place on an unprecedented scale was something no-one had foreseen"

Most of the villages are deader than dead. They are still inhabited but most of the signs that say *Bar* or *Alimentation Générale* are faded and painted above premises that have long been boarded up or which now house a family, probably outsiders who commute in their Peugeot or Renault to the local town.

La France Profonde is, well, not quite so profonde any more. Yes, to a much greater extent than in Britain, local shops, genuinely owned by small businesses rather than chains, still exist in the larger local towns but even they are under threat. It is not for nothing that the word *hypermarché* is French, and they make even the massive Tesco superstores seem modest in comparison.

M Dupont and M Lefevre, the local baker and butcher, simply cannot compete. The villagers simply go to E Leclerc or Casino, killing off their local shopkeepers. Easy transport by autoroute to these previously inaccessible parts of France has also given their residents opportunities to leave them.

The TGV has exacerbated this situation. Several times we have crossed the high-speed lines and virtually always there is a huge double-decker train thundering by, potentially carrying 500 people, sometimes with two linked together able to take twice that number. Yet these trains do not serve *France Profonde*, merely crossing it as fast as possible to get to Marseille, Strasbourg or Bordeaux. They are the best way of getting around France, but only to people who live in or near the big cities.

That thought has not escaped those opposing the high speed line in Britain. I spoke at a meeting organised by Buckinghamshire County Council and the opposition was not motivated by simple Nimby considerations but by issues such as these. It was remarkably well thought through and intelligent: "What good will it do for us without even a station at Milton Keynes?", suggested one speaker, and there were many other questions about the economic effects of the line.

Just as with the military aspects of the invention of the railway, the high speed line will result in all kinds of unintended consequences. As it happens, many of these will affect Tory areas disproportionately and at some point ministers well may wake up to them. Then the solid front demonstrated so far in favour of the line may start to crumble.

Christian Wolmar's new book, *Engines of War*, will be launched with a lecture at the German Gymnasium, St Pancras, on the evening of Tuesday 28 September at a charity event in aid of the Railway Children. For tickets, contact the Railway Children website at www.railwaychildren.org.uk.

Can Boris chase away the cycling blues?

Improving provision for bikes looks like the London Mayor's best chance to leave a legacy. But are his plans bold enough?

Boris Johnson stands a much better chance of being re-elected Mayor of London in 2012 if he can point to visible improvements he has made to the capital's transport system.

In his first two years, he has focused on undoing the work of his predecessor by halving the size of the congestion charge zone and putting up bus fares. But good mayors are remembered for what they created, not what they dismantled.

The "son of Routemaster" bus looks like being an expensive vanity project. A few photogenic prototypes will satisfy a foolish manifesto commitment before being consigned to the Covent Garden transport museum.

On Crossrail, Boris may find himself in the uncomfortable position of belonging to a party which has scaled back London's only major new piece of transport infrastructure since the Jubilee Line extension a decade ago.

In the absence of bold ideas for dealing with congestion and improving public transport, Boris's best chance of creating a positive legacy is to invest in cycling.

He appears to recognise this, with the first two of a dozen new cycle superhighways being "created" this summer. "Created" appears in inverted commas, because I sampled the two pilot superhighways – between Morden and the City via Southwark Bridge and from Barking to Tower Gateway along Cable Street – and found little had been added apart from several thousand litres of blue paint.

Voters' memories are short and many will be fooled into believing that these Tory-coloured lanes were built by Boris. But apart from a handful of short new stretches, such as at Stockwell and near Elephant and Castle, almost all the segregated sections of the two pilots were already in place before Boris became mayor. The difference is that they used to be painted green.

I am all for encouraging Tory voters, who tend to be more addicted to their cars, to get on their bikes. If painting lanes blue makes them feel more at home, that's fine by me.

Yet Boris has somehow managed to spend £23m on these two pilot routes without adding significantly to the amount of space given to cyclists.

Much of the money seems to have gone on planning, signs, promotional activities… and painting the town blue.

Transport for London declined to give me a direct answer when I asked how much of each pilot superhighway is on new segregated cycle lane. It did say that traffic lanes and bus lanes had been realigned in some places, but the guiding principle seems to have been that no road space should be reallocated if it would result in any delay to motorised traffic.

> **Much of the money seems to have gone on planning, signs, promotional activities… and painting the town blue**

With traffic set to increase when Boris halves the congestion charge zone, he must be desperate to keep vehicles flowing. But as a cyclist himself, he will know that high volumes of traffic deter people from taking up cycling

TfL claimed that the colour blue was chosen because it was used elsewhere in Europe. However, the similarity between Copenhagen's blue lanes and London's superhighways ends with the colour. The Copenhagen lanes are wide enough for cyclists to overtake each other comfortably and do not have the unfortunate habit of disappearing where most needed. Boris failed to heed the advice of cycle groups, which said the lanes should have a minimum width of 2m.

No doubt he will be able, come 2012, to point to a significant increase in cycling. But London's bicycle revolution is happening anyway: up 117% since 2000.

Boris has set a target of a 400% increase in cycling by 2026. Without clearly defined interim goals, such distant targets are meaningless. They allow politicians to reap credit for fine rhetoric while letting them avoid making awkward decisions if the rate of growth reduces.

The London cycle hire scheme is likely to be very well used but there are worrying signs of lack of ambition. The scheme, which Boris inherited from Ken Livingstone, is starting with 6,000 bikes. Paris, which is less than half the size of London, started with 10,000 and quickly grew to 20,000.

If the hire scheme is to be more than a tourist gimmick, it needs an aggressive expansion plan coupled with intensive efforts to transform the cycling experience to convert casual hirers into regular riders. This means properly enforcing a 20mph limit on all residential roads, a complete ban on parking in cycle lanes and removal of one-way systems that lengthen cycle journeys.

In short, Boris needs to make cyclists feel more loved and less like the plankton at the bottom of the transport food chain. His superhighways are at least setting superlative standards for comfort: the boneshaking bumps of the Cable Street cycle lane have been replaced by a wonderfully smooth surface conducive to freewheeling. Now there's a good election slogan for 2012: vote blue for an end to sore backsides.

Ben Webster is environment editor of *The Times*.

Ministers duck challenge of paralysis on the roads

With the gap between the cost of travelling by car and public transport widening, road users face lengthening queues. So why has road charging, which would cut congestion and raise funds, been ruled out?

The era of cheap travel is over as bus, rail, and air fares head sharply upwards. At the same time transport subsidies are being cut, energy costs are soaring, and road and rail networks becoming more and more congested. But who is spelling out the challenge that fare rises, climate change and a low carbon economy poses? Sadly, not ministers. They are scared even to discuss what lies ahead, preferring instead to waffle that wealthy pensioners don't have to take up their entitlement to free bus travel.

The failure to educate voters is not just bad politics, it is leading to bad decisions. Free bus travel for all those over 60, costing more than £1bn a year and rising fast, has been ring-fenced from any saving – which makes no sense even if it is politically convenient. Given the scale of the cuts that the transport department will have to bear in this autumn's public expenditure round, the concessionary fares regime is folly.

Philip Hammond has acknowledged that increases in both bus and rail fares are inevitable and that the existing formula of train prices being limited to 1% above inflation may have to be scrapped. Boris Johnson, London's mayor, has already raised bus and tube fares by 13% and 4% respectively this year.

The average member of the public is now spending 15% of disposable income on travel, almost twice as much as our European competitors. A survey of train prices across Europe found the cost of a typical long-distance rail journey in Britain was 55p a mile, compared with 17p a mile in France and Germany and Spain, and just 11p a mile in Italy. There is a limit to how much more can be squeezed out of the British traveller, but the chancellor, George Osborne, appears determined to have a go.

A troubling aspect of these fare increases is that the gap between the cost of public transport and private motoring continues to grow. As long as public transport charges continue to race ahead of the costs of motoring, Britain's transport problems will be impossible to resolve. Over the past 30 years, household disposable incomes have doubled. In the same period, the cost of motoring has decreased by nearly 10% compared to rail and bus fares, which have risen by more than a third. During Labour's 13 years in government, the cost of motoring fell by 13% in real terms while bus and coach fares increased by 17%, and train fares increased by 7%.

The comparison is even starker if you consider the marginal costs of motoring. A driver debating whether to use public transport is almost certain to conclude that it is not only more convenient but cheaper to go by car. Hardly surprising that British roads are among the most congested in Europe, and that many parts of the strategic road network approach paralysis in peak hours. If the Department for Transport's prediction of a 33% increase in traffic by 2025 is correct, things can only get worse.

> **It is odd that a Conservative-led coalition which believes in the merits of free markets should be so reluctant to apply this to roads**

There are three possible policy responses to this logjam. The first is to embark on the biggest road building programme since the Romans. No government has thought this a viable political option since Mrs Thatcher's first government, not least because of environmental and other costs.

The second option, to restrain traffic by price, is also out of favour. One of the first interviews that Philip Hammond gave as he arrived at his new department was to declare that "the war on motorists has ended". What war? Ruling out road pricing for the lifetime of this Parliament is not my idea of a sensible peace.

The third option, which it appears regrettably the government has adopted, is to let the increase in traffic find its own equilibrium. That, of course, will ensure creeping paralysis as the road network becomes ever more clogged. Ministers have decided that drivers would prefer to queue rather than pay.

It is odd that a Conservative-led coalition government, which believes in the merits of free markets, should be so reluctant to apply this principle to roads. If you make any scarce commodity free of charge, the result will be queues. It could be argued that queuing is the fairest solution to a shortage of capacity. But the costs are considerable.

The Eddington report noted that a 5% reduction in travel time for all businesses and business travel on the road could save £2.5bn, 0.2% of GDP. A feasibility study for the last government found that a national satellite-based road pricing scheme charging motorists on the basis of time, location and distance could cut urban congestion by 50%, and that with only 4% less cars using the roads, congestion could be cut by more than a third.

The politics of persuading drivers to use their cars less may seem daunting. But charging for scarce road space would provide the revenue to prevent crucial transport projects from being postponed or abandoned. At a time when the public finances are in crisis, ministers should come out of their bunkers and take a lead.

Adam Raphael, a former executive editor of *The Observer* and transport correspondent of *The Economist*, is the associate editor of *Transport Times*. He is a former presenter of BBC's Newsnight and an award-winning investigative journalist.

Neglect highways upkeep, endanger the recovery

For now maintenance must take priority over new infrastructure, but simplifying the labyrinthine planning processes for local projects is a prime source of efficiency savings, says **George Batten**

Last month, I was inaugurated as the first President of the Association of Directors of Environment, Economy, Planning and Transport, formerly CSS. We have rebranded, restructured and reinvigorated our association to reflect changes in our profession, but also to respond to changes around us: a new government and economic landscape.

At the same time we launched our position statement *Supporting Sustainable Economic Recovery*, which summarises our professional perspective and our proposals to the Government for our diverse but linked services.

We are facing the most sustained period of restricted public spending for generations and so ADEPT is determined to make the case that our services are essential to both our quality of life and economic recovery.

We strongly support the Government's primary aims of reducing the public spending deficit and ensuring economic recovery. Indeed, we see sustainable economic recovery as a vital component of deficit reduction.

For the recovery to be fully sustainable, it is not just a matter of overall national actions to stimulate economic performance. It must be underpinned by efforts to encourage economic recovery at the local level. To achieve this, both tiers of elected government – national and local, in partnership with business – will have an essential part to play. We welcome the coalition government's commitment to localism and a devolutionary agenda. This will, we believe, be a vital component of economic recovery.

The key issue highlighted in *Supporting Sustainable Economic Recovery* is the overriding importance of protecting funding for the maintenance of our transport infrastructure and in particular for highway maintenance. If necessary, this must, in the short term, come before funding for any new transport infrastructure. Put simply, the bill faced by the taxpayer if we fail to protect what we currently have will be enormous in years to come and a decaying highway network will be a thorn in the side of the recovery that we are all working towards.

We must also plan for better times and so we also want the Government to recognise the key role of strategic local authorities in financing and delivering new infrastructure in Britain, and in boosting enterprise and economic opportunity – all key to recovery. In our view, investment in infrastructure is not an option but a prerequisite for supporting sustainable economic growth.

We recognise the difficult spending decisions that lie ahead. But we also believe that through reducing bureaucracy, eliminating inefficiencies, taking a cross-agency approach to public spending at all levels and a willingness to explore alternative sources of funding there is a way forward that balances the need for spending and investment and the need to cut the budget deficit. This can best be done by giving us new and genuine freedom and limiting the stultifying "processes" that have caused so much waste in recent years.

> **We are facing the most sustained period of restricted public spending for generations**

Taking the promotion of new transport projects as an example, the direct relationship of the past between the promoting local authority and the Government (DfT) has, in recent years, been replaced by a complex and unwieldy set of relationships with regional bodies such as Government Offices, Regional Assemblies and Regional Development Agencies, to name but a few. Each organisation employs its own staff or consultants to examine individual projects at a cost in both time and money. Often the promoting local authority is a minority player in the process!

Even if scheme promoters have the stamina to navigate these regional processes, there then follows a prolonged and expensive approval process with DfT where the same ground is covered again.

There then follows a rigorous planning development control process at a local level, often followed by judicial review challenges and spurious applications where the disaffected minority seek to usurp the planning system.

ADEPT does not have any hard data, but we would not be surprised if as much as 50p in each pound provided by the Treasury and council tax payers is diverted from the scheme itself to the process.

The coalition has expressed a willingness to simplify "government" and repeal unwieldy legislation so there is hope that we can spend a diminished transport budget more wisely. Perhaps a lean systems review covering transport spending between central and local government might be best way forward?

Local authorities need to be able to explore new funding mechanisms, such as Tax Increment Financing. We need to move away from centralism to reduce the burden of inspection and reporting. We need a more collaborative approach between layers of government on infrastructure planning and delivery to engender trust and improve efficiency. When local authorities are given additional responsibilities, such as flood management, we need additional funding.

ADEPT will be working hard to make these and other points to the Government over the coming year on behalf of all in our profession.

George Batten is the first President of the newly inaugurated Association of Directors of Environment, Economy, Planning and Transport, formerly CSS

George Batten: "Investment in infrastructure is a prerequisite for future recovery."

Franchising reform can unlock a series of gains

Longer rail franchises and a wider role for train operators can improve passenger satisfaction and service quality and lay the foundations for continued success, says **Michael Roberts**

Michael Roberts: "Give greater weight to proposals geared to improving service quality."

As the government tackles the deficit and almost every part of the public finances comes under the microscope, the challenge facing the country is how to do more with less. The railways are no exception.

We are seeing record levels of customer satisfaction and punctuality, yet there is a live debate about the high cost of the railways to the taxpayer. This autumn, the McNulty Review on industry value for money will feed into tough government decisions in the Comprehensive Spending Review.

Equally, we have a great opportunity to strengthen the foundations for continued success in the railways. Change is needed to enhance responsiveness to rail users; contestability and commercial discipline throughout the industry supply chain (including Network Rail); and rail's attraction to private investors.

A new approach to franchising passenger services, alongside wider industry reforms, is key to delivering this change. The review of franchising announced by Theresa Villiers was the right option to take: we need now to move towards agreeing how best to implement reform.

Adopting more output-based franchises is important. By inviting bids to provide not just a core timetable but also train capacity, passenger satisfaction and service quality, the successful bidder still ends up, as today, committed to running a comprehensive level of services at acceptable taxpayer cost.

But at the same time, this approach also allows flexibility in running services in response to changing circumstances and removes current DfT micro-management of franchises – leading to faster introduction of improvements, better timetables and lower cost.

This approach needs to be backed by a more sophisticated DfT policy on procurement. Getting a good price for the taxpayer when awarding a franchise, through the level of premium/subsidy payments, is clearly important, but securing the best deal also means giving greater weight than before to proposals in bids geared towards improving service quality. This will help stimulate innovation among operators and so increase the positive contribution which the private sector currently brings to the railways.

We also need to see the use of longer franchises of 15 years, and possibly more in some cases. They may not be right in all circumstances, but they can help attract private finance into rail by improving the prospect of funders seeing a return on their investment. They also allow the operator to focus more on improvements which strengthen customer loyalty and win new passengers, rather than being diverted by the prospect of a new competition for their franchise.

> **We need to look at better ways of dealing with risks outside operators' control, such as unanticipated changes in the economy**

Giving train operators a bigger role in making improvements is also part of our vision for franchise reform alongside other industry reforms. There are three big areas of opportunity.

First, transfer more responsibility for stations and depots from Network Rail to operators who, with lower overheads and simpler management processes, can often do things quicker and cheaper.

Second, restore train operating companies' leading role in procuring trains, which they exercised successfully in the past, instead of DfT, whose approach in recent years has added delay, complexity and cost to this area.

Third, longer franchises should encourage operators to play a bigger role in improving delivery of other, Network Rail-led, schemes – either by challenging project scopes (as a long term player with greater interest in the success of schemes) or more radically by taking a lead role in driving network improvements. We believe the sorts of options above could generate together indicative savings of £350-600m annually by 2014.

It is also important to get the balance of risk and reward right. Operators should remain on-risk for all reasonable measures in their control. Failure to deliver should continue to be addressed by the normal review process in existing contracts, including the possibility of breach and termination – longer, output-based franchises do not change that fundamental point.

But we also need to look at better ways of dealing with risks outside operators' control, such as unanticipated changes in the economy. The existing revenue support/share mechanism needs improving, including an option to link franchise payments more closely to GDP and employment levels – as well as options to allow the Government to share in the upside of an unexpectedly strong economy.

Ultimately, reform is a package which can be tailored to the needs of individual franchises depending, for example, on whether they are fundamentally commercial in nature or subsidy dependent. That package is more than a series of technical changes: it is an agenda which redefines the roles of TOCs, Network Rail and Government to create a better partnership of the public and private sectors.

It is an agenda which we think works better for taxpayers and passengers – and one whose time has come.

Michael Roberts is chief executive of the Association of Train Operating Companies.

Host city wins acclaim

This year there was a different venue as the National Transport Awards went north to Manchester to celebrate the sector's achievements

The pall of gloom over transport lifted, if only for a short while, last Thursday evening when the National Transport Awards ceremony allowed the focus temporarily to shift from cuts to achievement, and a celebration of how the sector benefits the wider economy.

The venue this year was Manchester, where investment in transport has been at the heart of the city's renaissance. So it was fitting that the host city walked away with one of the most prestigious prizes, the Joe Clarke Award for Integrated Transport Authority of the Year.

Joe Clarke Award for Integrated Transport Authority of the Year

Manchester is fortunate in the knowledge that through the Greater Manchester Transport Fund a reasonable level of transport investment and innovation in the conurbation is secure for the next few years.

More than 278 million journeys were made in 2009 on Manchester's public transport network, 26.5 million more than in 2001 and including 236 million on bus, 23 million by rail and 20 million by Metrolink.

The £1.5bn Greater Manchester Transport Fund brings together money from regional funding allocations, the ITA levy, Local Transport Plan funding, surpluses from Metrolink operations and third party contributions.

All Metrolink track through Manchester city centre has been replaced, and two city centre stops have been rebuilt; on the Altrincham line overhead lines were replaced last summer and all the stops were refurbished. State-of-the-art ticket machines been introduced.

Over 80% of public transport journeys in Greater Manchester are made by bus. The ITA funds free Metroshuttle services in towns and the city centre, Local Link services, a fleet of yellow school buses and it also won £7.5m from the Government's Green Bus Fund, to contribute to a new fleet of 66 hybrid vehicles.

Rail travel has increased by 82% in Greater Manchester in the last decade, requiring investment by GMITA in more services. It paid for additional carriages on peak services on the Rochdale and Huddersfield lines in response to customer feedback.

The ITA has been closely involved in the development of the Northern Hub reports which successfully made the case for investment in improving capacity on the rail network around Manchester.

Nexus, which among other things successfully gained funds for reinvigorating the Tyne & Wear Metro, was highly commended.

Transport Local Authority of the Year

The equally prestigious Transport Local Authority of the Year award went to **Brighton & Hove City Council**, where transport policies, in particular promoting bus use, have been improving the lot of the travelling public for some years.

The council's public interchange strategy aims to provide comprehensive information everywhere from the main railway station the most remote bus stop.

Traffic management policies have increased reliability of bus services. Bus lanes into the city from the east have recently been completed, complementing the existing bus lanes coming into the city from the north. Brighton & Hove has taken on powers for bus lane enforcement, allowing over 3000 buses to run to a more accurate timetable.

Real-time information has been in operation since 2002 and last year information became available by text to mobile phones and via a free iPhone app.

Brighton & Hove had the first bus fleet in the country to be 100% equipped with satellite tracking. A link to the city's traffic light software gives priority to late-running buses at main junctions.

Car park charges are consistently increased to be above the cost of a daily travel pass.

An annual programme of personal travel planning is in its fourth year. Over 45,000 households have been visited so far and offered travel advice.

The quality bus partnership between the city council and Brighton & Hove Bus Company has been responsible for projects to improve accessibility. Bus patronage has grown 5% annually since 1993.

For the future, the council is developing a bus-based Coastal Transport System linking developments from the marina to the east of the city to the King Alfred Centre in the west, with a link to Brighton rail station.

The city was also highly commended in the Cycling improvements category.

Most Improved Transport Local Authority

Most Improved Transport Local Authority went to the **London Borough of Sutton**, where, over the last three years, its strategies have transformed how people travel. Smarter Travel Sutton, a three-year social marketing project with Transport for London aimed at reducing congestion through behavioural change, achieved a 75% increase in cycling, 6% modal shift away from car use, a 5% reduction in the number of pupils travelling to school by car, a 16% increase in bus patronage and a 3% increase in walking.

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All the borough's schools have an operational travel plan. Over 16,000 people work at locations covered by workplace travel plans. There are 481 car club members in the borough.

Under the council staff travel plan, the number of staff driving to work alone has fallen by 20% since 1995, 14% in the last three years. Free cycle training is also provided. There is a cycle to work salary sacrifice scheme and interest free season ticket loans.

The Active Steps campaign, set up with Sutton & Merton Health Trust, enrols staff in a six-week agreement to walk or cycle more.

In December 2008 Sutton formally committed itself to becoming a 'One Planet Borough' by 2025 which means reducing CO_2 emissions by 90%.

Bournemouth Borough Council was highly commended.

Chris Moyes Award for Bus Operator of the Year

Stagecoach Manchester took the Chris Moyes award for Bus Operator of the Year. The company has achieved consistent passenger growth in both adult and concessionary markets with 23% total growth since 2004/05.

It is attracting new users using route and ticket promotions, including travel vouchers, sent via targeted mail to over 22,000 households in Manchester.

The management team is closely focused on reliable operational performance. A team of outside inspectors ensures services are operating to the published timetable.

Some 16 engineering apprentices are employed and have won the Go Skills apprenticeship of the year award for the last two years.

Risk assessment is high on the agenda and employee accidents have been reduced by 38% year on year.

62% of the bus fleet complies with Euro 3 emission standards or higher and use a high-tech fuel additive to improve fuel consumption. Stagecoach has invested in equipment to manage energy use in depots and recycles over 70% of waste.

It has invested £44m since 2006 in nearly 300 brand new double decker buses.

The company has an excellent working relationship with GMPTE, and supports its strategy.

Rail Operator of the Year

Scotrail won the accolade of Rail Operator of the Year. In the last year passenger journeys on the franchise rose by 3.2% to 83.9 million. The company achieved its best ever single period public performance measure of 94.8%.

Laurancekirk Station was reopened after 42 years and over 24,000 journeys were made in the first five months of service.

The December 2009 timetable introduced a doubling of Glasgow-Kilmarnock services, and more early morning services to Glasgow allowing better connections to London. New early morning and late evening services between Glasgow and Dumfries, early morning services between Dumfries and Carlisle and North Berwick and Edinburgh and an hourly Glasgow Central-Edinburgh service via Shotts were also introduced.

Smartcard trials are under way and have just been extended to include monthly season ticket holders travelling on the line between Glasgow Queen Street and Edinburgh Waverley stations.

Scotrail is marketing integrated transport by issuing leaflets with maps of rail routes and connecting bus and ferry services and by teaming up with cycle hire businesses.

First Transpennine Express was highly commended.

Improvements to Bus Services

The award for Improvements to Bus Services went to **Swansea Council** and its partner **FirstGroup** for the Swansea ftrmetro service. This 8.3-mile bus rapid transit corridor runs at 12-minute intervals across the city centre, connects the two city hospitals and serves a number of new developments where car ownership is high.

Partners are the city council, First, the Welsh Assembly Government, Swansea NHS Trust and Swansea University.

The scheme was funded through a transport grant bid in 2005 followed by further contributions from the Welsh Assembly Government (of £10m), to fund highway infrastructure and bus priority together with stop and shelter improvements. First invested over £4m in new 'ftr' buses.

A huge works programme in the city centre reallocated most of the road space to the metro, providing a new rapid transit track. Away from the city centre, a new £2.8m express bus route with electronic gates at each end was constructed to bypass a very congested road into the city.

There was extensive work to upgrade stops along the route, with raised kerbs, real-time information, tactile signs, bilingual information, and a text message service.

The target is to achieve 10% modal shift from the car and an increase in bus patronage of 30% over five to six years. Between Sept 2009 and Jan 2010 more than 600,000 passengers were carried.

"The target is to achieve 10% modal shift from the car and an increase in bus patronage of 30% over five to six years"

Improvements to Bus Services: Swansea Council and FirstGroup

Most Improved Rail Station

The judges' choice for Most Improved Rail Station was **South Yorkshire Passenger Transport Executive and Northern Rail's** joint investment programme for large and small stations across South Yorkshire.

The programme has installed significantly improved lighting at seven stations, CCTV at 15, help points at 23 and passenger information displays along three lines. Waiting shelters have been installed at four stations and accessibility improvements made at another 15.

An independent study of stations commissioned by Lord Adonis from Peter Hall and Chris Green recognised the county's hub stations of Barnsley, Doncaster and Sheffield as "world class".

Improvements at local stations were carried out by Northern Rail on behalf of SYPTE, allowing money to go further by combining upgrade works with maintenance.

Nexus was highly commended for its redevelopment of Haymarket Metro station.

Dedication to Access for All

The Dedication to Access for All category went to **Shropshire Council** for the Shropshire Link demand-responsive bus service launched in November 2008.

Shropshire Link operates throughout rural Shropshire and provides

The redesign of Oxford Circus to reduce pede
Public Realm award for the City of Westmins

97% of rural households with a service to their nearest market town on a minimum of two days a week. Prior to the new service's introduction only 57% had access. It also connects with the wider public transport network for destinations further afield.

The service is believed to be first of its kind to provide a local bus service for all rural residents within a county. School transport services have been incorporated into the network, reducing costs.

Since launch there has been an increase of 107% over patronage on the previous service.

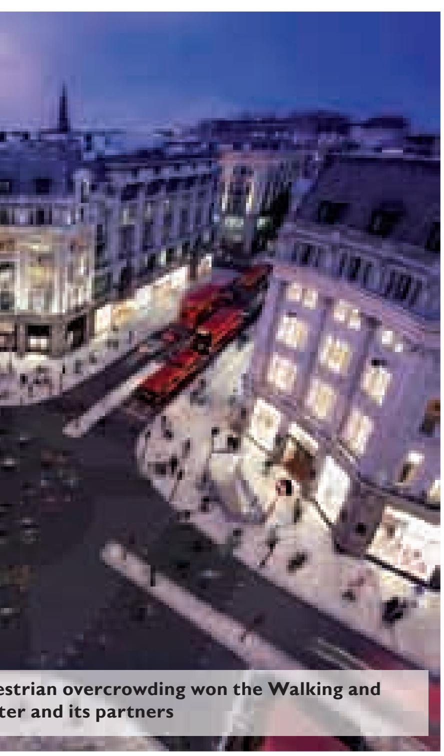
Devon County Council was highly commended.

Cycling Improvements

Devon County Council took the honours in the Cycling Improvements section with Cycle Exeter. Exeter was designated one of Cycling England's Cycling Demonstration Towns in 2005, receiving £1.5m, and a further £2.25m in 2008. Cycle Exeter's success helped persuade local politicians to approve a £25m investment programme for new cycle routes and facilities across the county.

Since then the University of Exeter has adopted a cycling strategy which has been recognised by the DfT and Cycling England as example of best practice; workplace support groups or Bicycle User Groups (BUGs) have been set up in 23 organisations in the city. All five secondary schools have worked with cycling charity Sustrans to devise new traffic free routes to school and over 20km of new and improved cycle routes have been built.

Exeter has achieved or exceeded targets including a 40% increase in cycle trips (target 19%).



estrian overcrowding won the Walking and
ter and its partners

Road Safety, Traffic Management and Enforcement

Portsmouth City Council won the Road Safety, Traffic Management and Enforcement category for its city-wide 20mph speed limits in residential areas.

It was the first local authority in the UK to introduce such a limit based only on speed limit signs, without widespread engineering measures.

When road users leave the main road network they should be fully aware of the lower limit, indicated by terminal signs and repeaters on lamp columns at intervals along roads.

The self-enforcing scheme has been in force since March 2008 on 94% of the city's roads, after extensive consultation and engagement with local media.

There has been a 13% reduction in the number of accidents and a 15% reduction in casualties with no impact on journey times or traffic flow around the city.

Walking and Public Realm

The innovative redesign of Oxford Circus won the Walking and Public Realm category for the **City of Westminster** with partners the Crown Estate, Atkins, Transport for London and developer WestOne.

The busiest crossing in the West End had to cope with 43,000 people and 2,000 vehicles passing through every hour. Atkins was commissioned to undertake the redesign.

Signalled pedestrian crossings on all four arms of the crossroads were moved to allow people to cross in a straight line (they had been set back between 7m and 15m from the actual junction). Balustrades on the four corners which prevented crossing and created dead space were removed.

Unusually, the crossing was designed to allow diagonal crossings instead of having to make two separate crossings to reach the opposite corner.

The new scheme was opened last November, and the junction can now handle double the number of pedestrians. The diagonal crossings have reduced crossing times by 52 seconds.

Lancashire County Council and **Glasgow City Council** were highly commended.

Contribution to Sustainable Transport

The award for Contribution to Sustainable Transport went to **Worcestershire County Council** for its "Choose how you move" scheme.

In 2004 Worcestershire was selected by the DfT as a sustainable travel demonstration town to explore the role of smarter choices in reducing car use.

"Choose How You Move" combined smarter choices with improved transport and infrastructure during the three-year programme. Measures include travel information – a website, an SMS text service, electronic departure boards and variable message signs.

Marketing included individually-tailored travel marketing, public transport and walking and cycling campaigns, and workplace, school and residential travel planning.

For public transport there were service improvements, improved infrastructure and information at bus stops, and new tickets.

Cycle loan schemes were introduced, with training, new and upgraded cycle paths, walk to school or work events, walking buses, and upgraded pedestrian facilities.

Results include a rise in the level of bus patronage by 25%, and car mileage reduced by around 19 million annually.

First Group was highly commended for its DriveGreen Scheme to install eco-driving technology on its entire 8,500-strong UK bus fleet.

Most innovative transport project

Most innovative transport project was **Carmarthenshire County Council's** Bwcabus (pronounced Booka-bus). The project aimed to improve access to services for rural communities in the Teifi valley around Carmarthen and the surrounding towns of Aberystwyth, Cardigan and Llanelli.

The Bwcabus project was designed to create an integrated network which improved accessibility to rural areas and opportunities for communities suffering from a high level of deprivation, and was attractive to car users.

Its unique feature lay in combining a new strategic bus corridor along the A484 between Carmarthen and Cardigan with two dial-a-ride demand responsive feeder services. The hourly A484 service is run under contract, replacing the existing irregular service which was subsidised but suffering from declining passenger numbers.

The timetable connects to train services and other bus services at

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"Since launch there has been an increase of 107% over patronage on the previous service"

Dedication to Access for All: Shropshire Council

Other awards

Sir Moir Lockhead won the judges' accolade for his Outstanding Contribution to National Transport.

Councillor Jane Urquhart of Nottinghamshire County Council was rewarded for her Outstanding Contribution to Local Transport.

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each end of the route. The feeder services are contracted out by Carmarthenshire through a Welsh Assembly Government grant and use a scheduling system developed by the Welsh Transport Research Centre at the University of Glamorgan.

Since launch in August 2009, over 5,500 journeys have been made on the DRT services, more than the target. The number of journeys on the A484 service has increased by 45%.

Highly commended were **Bournemouth Borough Council**'s automated Camera Car for policing parking, and **Islington**'s incentive scheme to swap parking permits for Car Club or cycle purchase vouchers.

Technology

The laurels in the Technology section went to **Transport for London** and its UTC to Vissim Interface.

TfL's urban traffic control team has an important role in designing and maintaining timings for over 3,000 traffic signals linked to central computers. Its directorate of traffic operations uses traffic modelling, such as Vissim by PTV Germany, to aid design of signal schemes by simulating dynamic traffic behaviour.

Until now, it has been difficult to model traffic lights operating under the Scoot system, which continually monitors traffic flow and optimises signal control and "green time" according to conditions.

TRL was commissioned to develop an interface between the UTC system and Vissim to allow Scoot to be modelled as well as other dynamic systems such as bus priority, in addition to fixed time control.

The new interface has vastly improved TfL's capability to model and refine network changes before putting them into practice. The modelling has demonstrated that Scoot reduces traffic delays by 14%. It has also demonstrated its potential to help balance demand between vehicles and pedestrians and contribute to the Mayor's goal of smoothing traffic flow.

Transport Team/Partnership of the Year

The Cumbrian floods of last November left the town of Workington without any road or footbridges over the river Derwent, splitting the town in two. A car journey that would normally take 15 minutes now needed a round trip of an hour and a half. The railway was the only remaining way to cross the river.

Going loco in Herstmonceux: Mexican wrestler wins marketing award

The rapid response of **Northern Rail, Network Rail, Cumbria County Council,** and **Allerdale Borough Council** to these unprecedented events culminated in opening a new station within a week and won the award for Transport Team/Partnership of the Year.

To cope with a huge rise in demand at the little-used stations north of Workington, Maryport and Flimby, Northern Rail initially added an additional carriage to existing services, and a special shuttle was run during the peaks between Workington and Maryport, doubling capacity and frequency. As demand continued to grow a plan was produced for Direct Rail Services to provide an additional hourly shuttle service between Workington and Maryport.

However, to reach Maryport and Flimby means driving north on busy roads, and the stations have little or no car parking.

The partners agreed that a new station serving the north of Workington was needed. An area of land belonging to Allerdale was identified, a lease was agreed, the council smoothed the planning process and Network Rail teams worked around the clock. Within a week the temporary station Workington North was in operation, an unprecedented feat of partnership working.

Travel Information and Marketing

To mark the start of its new franchise last September, **Southern** launched a new website, and created a new character for the purpose of building brand recognition and to boost online ticket sales, which had been fairly static.

Mexican wrestler Loco Toledo helped the company carry off the award for Travel Information and Marketing. The flamboyant Señor Toledo's native train system had supposedly been disbanded, and he had arrived in South East England determined to make people appreciate their fabulous service.

The usual publicity in conjunction with Facebook and YouTube all heavily promoted the improved website as well as offering exclusive online offers. Brand awareness increased after the launch campaign from 72% to 74%; 32% of adults had a positive impression of Southern.

The launch campaign resulted in a rise in online revenue of 70%, the percentage of customers buying online doubled as result of the campaign and sales of online season tickets increased by 147%.

East Midlands Airport's Club Skylink and **Nexus**'s Buses are Getting Better campaign were highly commended.

Frontline Employee of the Year

Frontline Employee of the Year was Nexus Shields Ferry Master, the remarkable **Bob Paterson**, who has crewed the service since 1992. In that time he has carried out no less than five rescues of people who had fallen into the river Tyne. The latest was last November when a man was being swept downstream in water barely above freezing and in the dark. Bob changed course, lowered a rope ladder over the side and got the man to safety with a combination of a "mate-saver" device and by climbing down the ladder to grab the back of the man's jacket to keep him afloat.

A city resurgent

With a forward-looking strategy and the creation of a £1.5bn transport fund, Greater Manchester is a worthy winner of the Integrated Transport Authority section of the National Transport Awards. By David Fowler

The resounding "no" vote returned by the referendum on Manchester's Transport Innovation Fund bid 18 months ago, in which voters rejected the idea of a congestion charge as a way of paying for transport improvements, could have left the city drifting without a strategy.

Instead Greater Manchester has bounced back, capitalising on the extensive work it had done during the TIF bid to develop the various planned projects to gain Department for Transport approval. The 10 councils in the Association of Greater Manchester Authorities (AGMA) instead agreed another funding package, the £1.5bn Greater Manchester Transport Fund, substantially made up by pooling local funding sources, to allow those schemes with the greatest economic benefit to go ahead.

All this was a big factor in Greater Manchester taking the accolade for Integrated Transport Authority of the Year at last week's National Transport Awards.

After the referendum, according to GMPTE transport strategy director Dave Newton, "Where we'd got to was that transport, and public transport, was very much in the ascendant and on the agenda across Greater Manchester as a real driving force. AGMA agreed a package of measures prioritised to deliver the maximum benefit – according to GVA and economic and social benefit."

The 10 authorities agreed a list of schemes in May 2009 it considered vital to deliver. Under the Government's fiscal stimulus package announced by Geoff Hoon last year, the extensions of Manchester Metrolink from Chorlton to East Didsbury and Droylsden to Ashton, parts of the Cross-City bus package and 18 additional park and ride sites in the region were accelerated.

Of the £1.5bn package, some elements (notably the cross-city bus link, the park and ride sites, and a number of road schemes) depend on contributions from central Government money, mostly through the Regional Funding Allocation programme, and are hence under review. But most elements are funded from local sources including local transport plan funds, prudential borrowing against Metrolink revenue, and council tax, so the funding is secure. Support for the Metrolink extensions was reconfirmed by Chancellor George Osborne in his Budget speech last month.

"The majority of other public transport schemes are not affected because they don't rely on government funds.

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The local authority contributions were approved by AGMA in 2009," says Mr Newton. This adds up to around £1bn.

The Cross-City bus package is designed to improve connectivity across the city. Historically services in the city have been divided, with First predominantly running services to the north of the city and Stagecoach to the south .

Improvements on three main routes are planned: to East Didsbury via Oxford Road; North Middleton via Manchester New Road; and to the west, Salford and Booth Town via the A580 East Lancs Road.

"The key aim is to provide seamless bus links across the centre, avoiding the need to change," says Mr Newton. The services will improve access to universities (Manchester and Manchester Metropolitan to the south, Salford to the west), and hospitals to the north and south, and will generally connect people more easily to health services, education and jobs. Bus priority measures in the city centre, forming part of Manchester City Council's transport strategy, will improve reliability.

Consultation to finalise the highway aspects with the local authorities is continuing.

The PTE is to open discussions with the bus operators and is hoping that the routes can be operated through a strategic partnership, with the operators investing in the services to complement the local authority investment in priority measures.

"We want to work with the operators on how we build on the successful patronage growth in the last 5-6 years," he says. During this time there has been significant investment in bus priority by the authorities and in new buses by the operators.

"We want to build on the measures put in place in the last five years, target the network we want to develop in collaboration with the operators."

The partnership approach is expected to include a code of conduct agreed with the Greater Manchester Bus Operators' Association establishing minimum service levels, and standards for punctuality and service quality. This is one aspect of a new focus on the customer, says Director of Communications and Customer Services Susan Wildman.

"In the past we've been very good at coming up with transport schemes but we haven't always paid enough attention to what the customer wants," she says. "There's now a drive at Manchester to be more customer-focused."

This will mean giving more attention to the "total journey experience" including connections at each end. The PTE will be making more use of data on the customer viewpoint.

"We've always done a lot of research but we're giving it a sharper focus," she says. "There is all sorts of information we can bring to bear but we'll be asking sharper, more detailed questions, coming at things from a passenger perspective."

Taking up the theme Mr Newton says that a significant element of the upgrade work on Metrolink is the introduction of new ticket machines on the existing network. These will accept credit and debit cards and will have the ability to handle smart ticketing in due course – for which, under an initiative of the last Government, Manchester and other conurbations are receiving DfT money towards an integrated ticket strategy.

"The intention is to move towards a total smart ticketing approach, starting with Metrolink in summer 2011," he says. In addition to an ITSO card, as explained by GMPTE information systems director David Hytch at a *Transport Times* conference last month, there are plans to accept contactless bank cards (which act as a travel ticket and debit card combined) on Metrolink from next year too.

"We want to ensure we have a range of products aimed at different markets," says Ms Wildman. She adds: "To give the bus companies credit, they already have products they've worked on together."

Quality bus corridors cover 172 miles of bus routes in Greater Manchester

Greater Manchester transport schemes

Metrolink schemes already under construction (funding announced in 2007):

• Metrolink 3A: Oldham and Rochdale, Droylsden, Chorlton and MediaCityUK

Schemes prioritised under the Greater Manchester Transport Fund

Accelerated DfT Package:

- Metrolink: Chorlton to East Didsbury [1]
- Metrolink: Droylsden – Ashton [1]
- Elements of Cross-City Bus Package [3]
- Park and Ride in Greater Manchester (18 sites) [3]

• South East Manchester Multi-Modal Strategy [3]
• Mottram Bypass and Glossop Spur
• Leigh-Salford-Manchester Busway
• Metrolink: Rochdale Town Centre [2]
• Ashton Northern Bypass Stage 2
• Wigan IRR [3]
• Metrolink: Airport and Second City crossing [2]
• Funding contributions to stations [3]
• Altrincham Interchange
• Bolton interchange
• Metrolink: Oldham Town Centre [2]

[1] Government funding confirmed (June 2010), contracts signed and works under way
[2] Locally funded and being progressed
[3] Dependent on outcome of government spending review

On rail, the PTE will continue to exert pressure to make the Northern Hub a reality. This is the £0.5bn project to remodel rail lines to remove bottlenecks around Manchester. "It's been identified as a priority for a very long time – it's fundamental to improving transport across the region," says Mr Newton. A number of organisations in the region including the PTE, the Northern Way, Network Rail, and KPMG have collaborated on a succesion of increasingly detailed feasibility studies which have identified significant economic benefits for the whole of the north of England.

The latest study, published earlier this year by Network Rail, estimated the optimum solution would cost £530m, comparable with the £0.6bn scheme to remodel Birmingham New Street. Project development is continuing to feed into the process, starting in 2012, to decide what will be undertaken in Network Rail's next five-year plan covering the years from 2014 onward.

"The Northern Hub remains a key priority," says Ms Wildman. "At the moment Manchester's rail network is like 14 lanes of traffic merging into two." KPMG has estimated the benefits at £2.1bn by 2021. "The potential economic benefits are really substantial," she says. "It's critical to the economy."

Overall, the outlook for transport in Manchester is somewhat more optimistic than in most of the UK thanks to the existence of the transport fund. "Greater Manchester got into a good position last year when it approved the fund," says Mr Newton. The delivery programme, he adds, will be good for the economy through the creation of construction jobs initially and then "keeping Greater Manchester's aspirations going".

Transport's job over the next 10-20 years, he says, is to support the aim of the Manchester Independent Economic Review and AGMA's Greater Manchester Strategy, published last year.

He says: "The work we've done on the GMTF took the economy as its primary focus. By 2021 there will be 21,000 more jobs than there would otherwise have been."

Ms Wildman, who was previously director of marketing and communications at Salford City Council, has held a succession of public sector posts in Greater Manchester but has not previously specialised in transport. She says transport is "a good place to be". "You can feel a buzz, an energy in spite of the current economic climate. We're not immune to what is happening over the wider economy and we have to make sure we are as efficient as we can be. But a huge amount of investment is going into public transport because it's the right thing, for the economy, the environment, and for people."

Roads in an era of austerity

Investment in maintaining and improving the highway network is a vital ingredient in economic recovery, but how can it continue in straitened economic times? **David Fowler** reports

> **'We can't have a PFI procurement process that takes six or seven years'**

With the UK entering a period of austerity which some predict may last a decade, devising a strategy for roads is a highly challenging prospect. As spending cuts really start to bite, the sector will have to adopt a more intense focus than ever before on improving efficiency through innovation, partnership and technology.

Political reality may also force the return of contentious policies such as road pricing and road privatisation, both of which potentially generate a level of funding which could prove too attractive to be ignored in these lean times. Lorry road user charging is already back on the agenda of the new Government and support for the idea of privatising motorways has also been publicly aired by new ministers.

With future roads policy having to be set in such a different economic environment, professionals are calling for a national strategy for roads.

Against this backdrop a range of transport's leading thinkers gathered at a *Transport Times* conference in London to discuss the task of improving the UK road network with less public funds.

Chairing the morning session George Batten offered a robust defence of spending on infrastructure, with some food for thought regarding efficiency savings.

"We believe that investment in our infrastructure is not an option but a prerequisite for supporting sustainable economic growth," said the president of ADEPT, formerly CSS, the County Surveyors' Society. The focus in local authorities is on efficiencies, he said, adding: "We've all experienced the madness in recent years of transport decision-making, and the costs of transport decision-making – this very complex web of central government and regional government offices, regional assemblies, regional development agencies and others, all sucking money out of the system. In local authorities we would not be surprised if we were to learn that 50p in every pound the Treasury devotes to transport gets lost in the process before it finally arrives to fund transport projects. So there is great scope for efficiencies to be made."

The RAC Foundation has for some time been developing its view of how the road network could be privatised and director Prof Stephen Glaister provided an update.

Improving capacity was not just a question of physical works, he said – more could be spent on clearing up incidents, on more traffic officers, better signalling, and using managed motorways to get more from the existing system. Some physical work would still be needed, but all these things would need money.

Lack of capacity leads to congestion and unreliability and damages productivity, and this would be exacerbated by population growth.

Bus and rail were "fundamentally loss-making", requiring subsidy from the Treasury, whereas roads contributed 4p to the Treasury for every mile travelled by car.

"Strategic roads have a latent value which could become a source of funding for maintenance and enhancement of the network," he said.

A proper roads strategy was needed. This could range from doing nothing to giving the Highways Agency a strategic role, to creating a separate body – public or private – with responsibility for the network, which would get revenue either from shadow tolls or road user charging.

"We won't get anywhere without reforming governance," he said. "The current system has failed for years."

Charging would be unacceptable to the public if the funds went to the Exchequer: hence the need to create a new body. A road user charge could be distance-based and might or might not be variable according to time of day. It could be accompanied by a reduction in fuel duty but overall could not be revenue-neutral because the object is to generate new funds.

His own preference was for a fully-privatised regulated utility which would create considerable capital value for the Government. Charging could be used to manage demand as well as generating a new net new cash flow and might enable the new body to borrow on the capital markets.

Reporting on the foundation's latest research, he said a public attitude survey rejected "pay as you go" in isolation for using the roads – but pay as you go coupled with funding being ploughed into a better road network attracted more support.

Simon Linnett, executive vice-chairman of Rothschilds, took up the theme. As its contribution to reducing the deficit, transport had to find £600m. "We can assume Philip Hammond, as a former Treasury guy, will want to do this and show his mettle," he said.

Reasons for privatising the road network included improving efficiency and introducing private sector discipline and the financial freedom to borrow; introducing competition; reducing government debt and improving the prospects for investment.

Arguments against privatisation included the loss of control of a national asset, the increased cost of capital (usually offest by improvements in efficiency) and the political effort required.

Regarding the method of privatisation, he argued that regulation was key and that (as in other privatised utilities) new investment could be rewarded by including new infrastructure in the regulated asset base (the road network) on which a given rate of return would be allowed.

The simple route would be to transfer vehicle excise duty to the Highways Agency, creating a net £4bn annual income stream against which £60bn could borrowed.

Creating one privatised company would be simpler and one company could better afford large upgrades and respond to changing traffic flows across the network; more than one would increase competition. Debt markets would have a strong appetite to invest, with infrastructure funds in Europe having £69bn to invest.

Sharon Kindleysides, managing director of Kapsch TrafficCom Ltd, considered the idea of a lorry road user charge and how it might operate. It would generate additional revenue for investment and ensure foreign vehicles made a contribution to upkeep of the roads, but would increase costs for hauliers and generate suspicion that cars might be next in line.

The main options were a time-based "vignette" or permit for use of the roads which could be paper or electronic, or a distance-based charge which would be collected electronically and could apply to motorways, trunk roads or all roads.

A vignette requires no roadside infrastructure but would be limited by European regulations to €11 daily, so the level of additional revenue raised would be low. In Europe there are high levels of fraud with paper-based systems and a good deal of enforcement would be needed.

By contrast a distance-based charge could generate high levels of revenue – £2.15bn if only applied to motorways compared with £293m from a vignette. The return on investment over 10 years could be over 2000%.

The problem is that this would add to hauliers' costs, and raises the question of compensation. Ms Kindleysides recommended a package of charging HGVs over 12 tonnes on motorways and strategic roads; reducing fuel tax for HGVs to the EU minimum; and prioritising investment in key freight routes including roads to ports and in secure parking.

Amey chief executive Mel Ewell gave a case study on Birmingham's integrated highway network management contract. This PFI deal was closed in the nick of time on election day.

He began by taking issue with Chancellor of the Exchequer George Osborne, who said in his Budget speech: "It is my deeply-held belief that genuine and long-lasting economic recovery must have its foundations in the private sector."

Mr Ewell countered: "I profoundly disagree." The recovery "fundamentally will not be a one-dimensional solution". Instead what he described as a "three-dimensional solution" was needed. "The future is full of opportunities as long as we move away from 1-D solutions and statements like that above," he said.

What was not needed was a return to 1990s-style procurement methodology, short-term contracting and "bashing the supply chain" which would result in a return to contractors "becoming claims-oriented and contractual."

The Birmingham contract was an example of 3-D procurement. Amey, he said, had built up a commitment to the West Midlands over recent years, having been appointed by the Highways Agency as both managing agent contractor (MAC) to carry out maintenance improvements on the motorways and trunk roads in the West Midlands, and TechMAC, a role which includes improving the technology systems and equipment across the region. It has opened a new design hub in the city and created around 1000 new jobs in the last two years.

Under the Birmingham Highways contract, £600m of PFI credits is now ring-fenced and will deal with the maintenance backlog. In a clearly defined investment programme £350m will go into upgrading infrastructure in Birmingham in the next five years.

The PFI covers everything from roads and footways to gullies, lighting, bollards and road signs, including a thousand structures and bridges.

Amey was very confident of substantially increasing productivity, said Mr Ewell. Moreover this would be achieved to a large extent with the same staff as would have been doing the work in the public sector. "Given the right equipment and technology, public sector staff have all the right skills," he said.

Productivity could be increased by 30% by packaging works together and eliminating peaks and troughs; 20% would be derived by integrated service delivery; and transfer of risk would save £100m.

Further efficiencies are derived from Amey's vertically integrated structure – it carries out design, delivery, and management and maintenance, enabling it to set up joint teams with designers alongside maintenance and management staff, allowing it to take a whole life view of costs.

But Mr Ewell warned that all these potential efficiencies were threatened by the procurement process for such deals. "We can't have a procurement process that takes six or seven years. We as an industry have to find ways of making the PFI process a lot faster and more efficient. We're starting to consider walking away from PFI because the bidding process is too

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> **Governance is the single biggest hindrance to reducing congestion**

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long, complicated and costly."

Jim Stevens, head of transport at Transport for Buckinghamshire, outlined the dilemma the county had faced. The county's transport service spent £60m annually maintaining over 3000km of roads, 525 bridges, 28,000 lighting columns and so on.

Buckinghamshire was a top-performing county with a strong track record of efficiency improvements, having saved over £5m between 2003 and 2008. But the council predicted a £30-50m hole opening up in its budget of which transport would be expected to provide around 10% – a figure which had grown by £2m since the new government came to power.

By 2008/09, efficiency savings were starting to flatten out. "Transport efficiency savings were just about exhausted," said Mr Stevens. Faced with the challenge of saving another £5m in take back half the time the previous £5m took, the transport service looked at its delivery model: the traditional council-consultant-contractor plus supply chain relationship.

This was not strategic, but a "master-servant" relationship with the council team in a controlling position, a lot of duplication, and an arrangement that stifled private sector innovation. There were high overheads, with three management teams and too many managers with separate offices, systems and processes, and it was slow to respond.

Buckinghamshire developed a new vision: a strategic partnering arrangement that brought about significant quality improvements and a reduction in overall costs. This was to be achieved through full integration with the private sector, and private sector innovation to bring about a step change in efficiency.

It was to be comprehensive in scope. It was to include highways and transportation services including policy, highway network management, engineering design, construction, asset management and maintenance (£40m annual turnover); all client transport services such as home to school and adult social care transport (£20m); and district council services.

It was essential to have council members and senior managers fully behind the scheme or it wouldn't work, said Mr Stevens. A dedicated project manager and multidisciplinary team including finance staff managed the process.

A dialogue was begun with the commercial sector in which potential bidders were asked to outline their response to the council's objectives. This helped to explore the idea of finding "a cultural fit" with potential partner organisations.

The underlying principle of the new arrangement is that it is a strategic relationship combining the best of the public and private sector, with strong governance, no duplication, and with integrated and co-located teams (covering the spectrum from policy to design and maintenance).

The result, Transport for Buckinghamshire, consists of a "thin" client team with only six managers for the whole programme. Ringway Jacobs provides a "one-stop shop" for highways and transportation services under a £40m contract, and a Amey handles client transport services and supply chain management under a £20m contract.

Payment uses an open-book target cost mechanism. Investment and innovation is encouraged.

The council issues an order such as "spend £3.5m on highway maintenance in the next 12 months" and monitors performance against targets.

The new arrangement is built not just on a contract, Mr Stevens stressed, but requires individual relationships, trust and a cultural fit to work.

Amey expects its Birmingham highways PFI to make big improvements in efficiency

Already impressive efficiency savings are being achieved. Ringway Jacobs has already met its first year target of £2.9m and is expected to better £3m. Amey's two-year efficiency target of £1.7m has been achieved and 65 continuous improvement initiatives are in progress. "Against a target of £5m of savings in three years we have achieved £5m in year one," said Mr Stevens.

Transport for London chief operating officer for London Streets Garrett Emmerson described London's approach to managing its network. "Going forward with less money means extracting as much from the network as we can."

TfL has developed a new measure of journey time reliability: the percentage of journeys completed within five minutes for an average 30-minute journey.

Studies show that reliability is 95% in the early morning, but drops as low as 80% on some roads in the morning peak.

TfL has been able to study journey reliability on individual corridors. The A40 inbound is unreliable at all times of the day. The A4 is one of the most reliable, though the reasons aren't clear. The Blackwall tunnel is always slow but is one of the most reliable roads, which at least means it can be planned for.

Reliability has been improving year on year. "Signalled junctions are the key to capacity," said Mr Emmerson. TfL has been investing in putting more signals on to Scoot, which optimises cycle times in response to actual conditions. It is carrying out trials of countdown displays to show pedestrians how long they have left to cross. It has identified 150 of London's 6000 signals which are not really necessary, and it is reviewing timing of 1,000 signals a year. Last year, this led to a 6% improvement in stop/starts, without affecting pedestrians, he said.

Greater Manchester Passenger Transport Executive information systems director David Hytch described Manchester's strategy for tackling congestion following the "No" vote in the referendum on the city's Transport Innovation Fund bid. This included setting up the £1.5bn Greater Manchester Transport Fund, covering 30 schemes including the extensions to Metrolink, cross-city bus services and bus priority (see separate story, page 23).

But, he said, "Governance is the single biggest hindrance to reducing congestion."

The PTE, Manchester's 10 district councils and the outgoing Government had agreed to create a combined authority – Transport for Greater Manchester – with both highway authority and PTE powers. "We believe having one authority looking at signal timing and junction management will improve capacity by 15%," Mr Hytch said. "One of the problems with 10 districts is that none can afford sufficiently powerful IT systems for traffic signals, for example."

But with the changed political landscape it is not clear how the proposals will be viewed by the new Government and whether they will be considered to fit with its policy of localism. "We hope we will persuade ministers that this is a good idea and to continue with it," he said.

Mike Schofield, Atkins head of intelligent transport system and chairman of ITS UK, and John Jarvis, transport project director of the Northern Way, addressed different aspects of the contribution of technology. Mr Schofield said network performance depended on the physical network and traveller behaviour among other factors. Technology could affect traveller behaviour by allowing home working, influencing mode choice and providing journey planning information. On the physical network urban traffic control systems and managed motorways could increase capacity – by as much as 30% for managed motorways.

Overall he suggested technology might be able to reduce travel demand by as much as 10%, improve capacity by 5-30%, and reduce accidents and disruption due to incidents by perhaps 25% each. But the gains would be location-specific, and work was continuing to improve the estimates.

Mr Jarvis said that managed motorways would play an important role in the north of England, for example on the Leeds-Bradford corridor, and would provide benefits such as more reliable journeys and fewer accidents. But, he added, "We need to start thinking about what happens after managed motorways."

This could include integrating city-region networks (controlled by district authorities) with the Highways Agency's systems for the strategic network. But the greatest opportunities for managing demand came from fiscal measures. Echoing the day's first speaker, he asked: "At some stage will growing congestion alongside financial constraints prompt renewed debate on the long-term role of fiscal measures?"

Agent of change

Serco Transport is in the business of transforming public services – and there will be a lot of opportunities for that in the next few years, says its managing director. David Fowler reports

Jeroen Weimar, managing director of Serco Transport, has a lot on his plate at the moment. In a week's time, on 30 July, the London cycle hire scheme – nowadays known as Barclays Cycle Hire – goes live.

This week it was announced that only around 300 of the 400 docking stations will be available next week, and that only pre-registered members will be able to use the system initially. After gaining experience of operating the scheme through August, it will be opened to casual users – though this will limit its use in the initial phase among tourists, who are expected to form a large part of the market.

Ultimately, some 6,000 bikes will be available from 400 hire stations across central London, with a sophisticated IT system to manage the hiring process.

Mr Weimar remains upbeat. "We've demonstrated that the technology works, that we have the functionality in place and that the bikes operate well with the docking stations. We are well on track to deliver Barclays Cycle Hire on 30 July."

He continues: "It's very exciting to be involved in it because it's not just a technology challenge, it's a challenge in the way it's opening up a whole new form of public transport to Londoners and it's very important to the mayor of London and Transport for London."

He defends the strategy of going for a "big bang" approach to the launch:

"We were happy to take on the challenge of going live with the full central London scheme in one go.

The lessons of bike hire schemes are that you need a strong network, you need a sufficient number of sites by which people can pick up and return a bike… People need to be confident that there is a strong network out there."

Is he expecting a huge initial surge of users on the opening day or will people take a while to become accustomed to the system? "I think we're prepared for both eventualities – but we think there'll be a lot of interest in the early days of the scheme. People's awareness will be raised as we build more and more hire sites across London over the coming months."

Launch day could be as significant as the day the congestion charge was launched, he believes. "We certainly see parallels between congestion charging and the bike scheme in that TfL is taking a brave step into a new world, and although we have planned in great detail with TfL for every possible outcome, you don't quite know how users will respond to the scheme on day one, we don't quite know where people will travel to, and that gives us some operational challenges to ensure we have sufficient resources to move the bikes during the off-peak to make sure they are in the right places. The other thing that will be like congestion charging is that the customer has to become familiar with a whole new infrastructure and way of working.

"For Serco in particular we see this as a transformational project both in how you achieve a fundamental change in public transport use in a major city like London but also how you put together a new infrastructure, working with a client like TfL and the local boroughs, and how you work with the end customer – it will be our job to ensure they get the quality

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of service they expect."

Transformation is a theme that continually crops up, as a common factor across Serco's diverse range of activities in the transport sector.

"We see our role as delivering outstanding quality public services across the range of everything we do. Secondly our skills are around delivering transformation alongside our clients and third parties where necessary… what we've done with Northern Rail with our joint venture partner Abellio has transformed the way that service works, and if we look at the work we're doing with the National Traffic Control Centre it was taking a service that had a number of challenges and turning it into a cutting edge service."

His own experience with TfL and other organisations (see box) fits well with this. "My background straddles the client environment that we are now in in transport in the UK, where we have large, well-organised largely public sector client bodies such as the Highways Agency, TfL, the passenger transport executives. They are much more sophisticated than they've ever been before in what kinds of services they want to provide to the public, and how they work with contractors and suppliers and third parties to achieve that. Clearly with the new government, we're all looking to see what the next step is going to look like."

As a private sector provider of public services, are companies such as Serco vulnerable in the current economic climate?

"We understand the financial constraints the government is under, the public sector is under and in fact UK plc is under and will be for the next few years. I think we see a way through that that says: we don't think that needs to mean an unmitigated decline in the standard of service delivery. We don't think it needs to mean slash and burn across the piece. I think it's still possible to deliver improvements in public services, but it will put more pressure on companies like Serco to be innovative, to focus on transformation, and to look beyond the day-to-day transactions that we undertake and the fairly narrow specifications that our work currently revolves around."

Instead, he argues, there is a need "to look much more long-term and to say how do we deliver a better service to our customers, and not get hung up on the increasing complexity of input and output specifications that much of our contracting history's been around. I think we've demonstrated elsewhere that if we sit down strategically with the client and say, where do you really want to be and how do we get there without too many conditions, hurdles or presumptions, we can deliver." That allows a fundamental rethink of how the service works, and allows a new approach, new technology and processes to be brought to bear, ultimately enabling a better service to be provided at a lower cost.


One of the 400 cycle docking stations which are being installed around London

"It's certainly challenging. The conversations we're starting to have with government departments is very much about saying are there things we can do to help? Are there different approaches we can take on some of the services from how they're currently run?

"And the feedback from the government has been very positive about that. They say they're looking for innovation and new ideas and I think we're well equipped to be part of that conversation."

TT columnist Tony Ciaburro has argued in these pages that much closer integration between local authorities and the private sector are needed, with private firms taking over the provision of skills councils may no longer be able to sustain.

"Clearly we have to accept that we take on a different bundle of activities. It's entirely reasonable for our clients to say, if we're gong to transform these services and there's going to be risk involved we would expect organisations like Serco to take more of the risk, and we're willing to take on those risks and see them through."

He remains optimistic about opportunities in transport in the current climate.

"Transport is ultimately a fundamental public service and if you look at the last 10 years we've seen a significant increase in mobility across all types of transport users, particularly in rail, cycle use, and car use. It's critical that we provide an environment in which we can continue to meet people's demands for mobility. Second the business of transport remains extremely healthy because people continue to have a demand for travel whether for work or for leisure."

Rail is one of a number of specific areas where opportunities may lie.

"There continues to be a lot of growth and energy in the rail market. The government's value for money review is absolutely timely, it's asking all the right questions about how do you radically start to transform how the railway industry worlds. There are clearly some dramatic things we have to do around the cost structure of the industry over the long term. We think there's a lot of opportunity to apply the same sort of transformation and innovation that we're applying in our current activities into the fundamentals of the rail business."

Another is the road network. "There is a complexity of different service providers, different agencies involved in running a national road network – we're starting to explore with the government whether there is potential to simplify the range of service provision." Apart from maintaining the infrastructure itself there is the question of "how you get more sophisticated about giving people the right information about how and when to make their journeys, so you start to even out demand more effectively across the network.

"The third area where I would say there is potential to apply the skills we have is in the wider service provision to the transport sector – the various licensing and control agencies. Some of those agencies have done fantastic work in producing step changes in how their services are delivered. I would argue there's potential to do more – there are other models for providing services to drivers and owners of fleets and enforcement agencies."

Returning to the rail value for money study, this is presumably the ideal opportunity to reopen the question of vertical integration of Merseyrail, with the operator taking on responsibility for maintenance of the infrastructure as well as operations?

"Merseyrail is a powerful partnership between the DfT, the PTE, and the Serco/Abellio joint venture. Both Merseyrail and Merseytravel have lots of long-term incentives to develop and improve the performance of the network. It's a model of where a 25-year franchise can get you because it has ensured that we as operator have invested significantly in service provision. It would clearly be possible to extend that to how you maintain stations and infrastructure."

Recently Serco and Abellio have pursued franchise bids separately, with less success than in their earlier joint ventures. But, says Mr Weimar, we can expect further joint bids in the future. "One of my early priorities in this job is to strengthen the relationship between ourselves and Abellio."

Serco: key facts

Serco Transport operates and maintains the Docklands Light Railway, and the Highways Agency's National Traffic Control Centre. It operates the Barclays Cycle Hire scheme in London which is launched at the end of this month.

With Abellio (formerly NedRailways) it was awarded the concession to operate Merseyrail for 25 years from 2003, and the Northern Rail franchise from 2004-2013.

Since the start of the Northern Rail franchise in December 2004, the venture has improved punctuality from 83.7% to 91.5%, improved fleet reliability by 40%, and attracted 34% more passengers.

Merseyrail's annual average punctuality stands at 96.2 % and rising, a figure only matched by c2c in London which operates half as many trains. It gained the highest approval rating among franchised operators in the Spring 2010 National Passenger Survey.

System reliability on the Docklands Light Railway in May was 97.8%. Three car trains have just been introduced on the Bank branch and 6.25m passengers were carried in May.

Jeroen Weimar

Managing director Jeroen Weimar, a graduate of the London School of Economics, joined Serco in March this year from Transport for London where he was chief operating office for enforcement and compliance. He was responsible for policing across London's transport system, the operation of the congestion charge and the low emission zone, and taxi and private hire licensing as well as driving through major projects. Earlier in his career he was a management consultant with KPMG, Ove Arup and Andersen Consulting.

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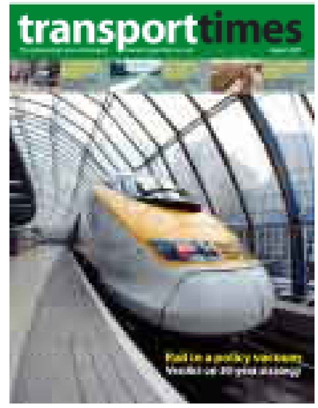

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Low cost and low carbon – delivering sust

This year *Transport Times* is collaborating with Greener Journeys and the Low Carbon Vehicle Partnership to host the Climate Clinic transport fringe events at all three main political party conferences. The events are all free of charge and are located outside the secure zone so attendees will not require a pass to attend. The events will take as their theme the critical issue of how to deliver sustainable transport in an age of austerity.

Each event will take the form of a high profile debate to be chaired by David Begg. Speakers include the Transport Secretary Rt Hon Philip Hammond MP; Transport Minister Norman Baker MP and former Transport Secretary Lord Adonis, along with key figures from industry, and independent experts.

Liberal Democrats

Mon 20 Sep, 1815-1930
Climate Clinic at Hamptons by Hilton Hotel, Kings Mill Dock, Hurst Street, Liverpool, L1 8JH
Speakers:

- Norman Baker MP, Transport Minister
- Professor David Begg, executive director of Transport Times (chair)
- Doug Parr, chief scientist and director of policy, Greenpeace UK
- Giles Fearnley, chairman of the Confederation of Passenger Transport UK
- Ben Webster, environment editor of *The Times*

Labour

Mon 27 Sep, 1245-1400
Climate Clinic at the Cube, 113-115 Portland Street, Manchester M1 6DW
Speakers:

- Lord Adonis, former Secretary of State for Transport
- Professor David Begg, executive director of Transport Times (chair)
- Mike Cooper, MD, Arriva UK Bus
- Edmund King, President of the Automobile Association
- Stephen Joseph, executive director, Campaign for Better Transport

Conservative

Tuesday 5th October, 1800-1915
Climate Clinic at Baskerville House, Centenary Square, Broad Street, Birmingham B1 2ND
Speakers:

- Rt Hon Philip Hammond MP, Secretary of State for Transport
- Professor David Begg, executive director of Transport Times (chair)
- Sir Moir Lockhead, chief executive, FirstGroup
- Doug Parr, chief scientist and director of policy, Greenpeace UK
- Edmund King, president of the Automobile Association

Questions for debate include:

- How can we most effectively reduce carbon dioxide emissions from transport?
- Do electric cars offer the solution?
- The Committee on Climate Change has called for greater focus on Smarter Choices – we can't make the necessary reductions in carbon by technology alone. Do you agree and if so what would you propose to do to encourage behaviour change?
- Over the past generation we have been exacerbating the problem of carbon emissions by encouraging people to travel further. Where money is tight, should we not be reducing the need to travel through land-use planning?
- A carbon tax will raise money and cut carbon. Is this not a better way of fulfilling the coalition's objectives than increasing other taxes?
- Often the problem with cutting carbon is that it hits the poorest hardest. Promoting bus use is both equitable and a tremendous low-carbon strategy. Do you think it is fair and right that low carbon modes of transport have faced fares rising more sharply than the cost of motoring?

For the next issue of *TT* we are inviting readers to give their views on these questions, and any suggestions for further questions they would like us to put to the panels.
Please send your views to chelsea.robinson@transporttimes.co.uk and mark your email "Climate Clinic"
The Climate Clinic is a coalition of the world's leading environment and development organisations, think tanks, public bodies and professional associations demanding political action on climate change. Its party conference fringe programme provides a forum where party leaders, ministers, renowned scientists, opinion formers, environmentalists, low-carbon associations, business leaders and the public come together to debate the issue of climate change. It presents an opportunity to spotlight the solutions and press for urgent action and vigorous political leadership.

Aiming for a billion

This autumn Greener Journeys will be launching the first-ever national consumer marketing campaign to persuade people to get out of cars and on to buses. The campaign is funded by Arriva, First-Group, Stagecoach and National Express, but it will also involve the wider industry and will be of long-term benefit to all bus users and operators.

Greener Journeys sets out to help people reduce the carbon impact of their travel choices by recommending that they just make a small change, such as one commute by bus or coach every month. These small changes can have a big impact.

In its "One Billion Challenge" Greener Journeys estimates that switching from car to bus or coach for just one journey in 25 could save 2 million tonnes of CO_2 and would mean one billion fewer car journeys on our roads by 2014. This would achieve an additional 50% reduction in CO_2 from domestic transport, on top of the reductions planned by current Government policies over the same three year period.

To assist its campaign Greener Journeys is calling for a range of pro-bus and coach policies which will make it easier for people to make sustainable transport

Lower emissions

The latest consumer survey by the Low Carbon Vehicle Partnership found that fuel efficiency (measured in miles per gallon) is becoming increasingly important as a factor in car purchase choices. The survey findings suggest that in tough economic circumstances, cost saving and environmental benefits can go hand-in-hand.

Economic constraints focus greater attention on efficiency and cost-cutting, providing encouragement for innovative approaches which will also reduce transport-related emissions.

The LowCVP has run two recent initiatives to capitalise on this opportunity.

The LowCVP HGV Technology Challenge, launched this month, will encourage the freight sector to introduce innovative new technologies which improve fuel economy and lower the carbon footprint of the most polluting vehicles on Britain's roads. That's good for freight operators and the environment.

At a grass-roots level, the LowCVP/Energy Saving Trust Low Carbon Commu-

ainable transport in an age of austerity

fewer car journeys

choices. These include: wider roll-out of smarter choices; more priority measures for buses and coaches; support for park and ride schemes; better integration of transport policy with land use planning; and retaining BSOG, which plays an important role in lowering the cost of providing services, resulting in lower fares.

Claire Haigh, Greener Journeys Campaign Director comments: "In this new age of austerity, bus and coach offers a quick and cost effective solution to some of our most urgent problems. Transport is central to our daily lives, and making more sustainable choices, such as travelling by bus, is crucial if we are to tackle the challenges of economic growth, climate change, health and congestion".

Greener Journeys (www.greener-journeys.com) is an initiative of the UK bus and coach industry aimed at reducing CO_2 emissions from transport by delivering unprecedented modal shift from the car. It is funded and supported by Arriva, FirstGroup, Go-Ahead, National Express and Stagecoach. Originally launched in 2009 by the big five bus and coach groups it now encompasses a wide participation of operators and stakeholders, and it aims to widen its membership to include all UK operators.

cut costs

nities Challenge – for which the results were recently announced – shows that there is much enthusiasm and energy for introducing cost and carbon-cutting initiatives at the local level.

Greg Archer, LowCVP managing director, said: "The economic downturn creates both challenges and opportunities for reducing transport emissions. The LowCVP will continue to champion activities to accelerate a sustainable shift to low carbon vehicles, helping to save money and combat climate change."

The LowCVP is glad to be partnering Greener Journeys and *Transport Times* in this series of events.

The LowCVP (www.lowcvp.org.uk) was established in 2003 to take a lead in accelerating the shift to low carbon vehicles and fuels in the UK and to help ensure that UK business can benefit from that shift. It has around 200 members from the automotive and fuel industries, the environmental sector, government, academia, road user groups and other organisations with a stake in the low carbon vehicles and fuels agenda.

Buses: the dawn of a new golden age?

Austerity is the watchword of 2010. But, argues **Steven Stewart**, a smart approach by ministers to spending priorities could bring in a new era for buses as the country's low-cost, low-carbon saviour

Austerity. Budget cuts. Difficult choices. Living within our means. The Government is talking a new language. It rightly has pro-public transport groups concerned. Public transport is an easy target and the unfathomable costs of some major projects, such as rail infrastructure schemes, has not helped its case.

The £683m in cuts at the Department for Transport announced in June is undoubtedly a quick trim compared to the budgetary "skinhead" round the corner when Chancellor George Osborne announces the results of the spending review on 20 October. But the key issue is where the Government's clippers will go.

Transport Secretary Philip Hammond has already signalled there will be a major reduction in road building. Without doubt that makes sense. However, other measures could have a serious impact far beyond transport itself.

Orders for new train carriages have been scrapped, delayed or are under review at a time when rail passenger numbers are recovering after the recession and the capacity crunch on Britain's commuter network is already biting. What may seem "easy" cuts to crucial investment such as Bus Service Operators Grant (BSOG) would also have damaging consequences. Unlike income tax or VAT, BSOG has no recognition with the man in the street, but it is vital in underpinning low bus fares, maintaining strong bus networks, and protecting communities.

Whatever materialises, experts predict the spending review will herald a decade-long squeeze on public spending, so the focus needs to be on getting more for less. Public transport needs to offer low-cost, sustainable solutions to its central and local government partners, and convenient, high-quality value-for-money services to its customers. Crucially, though, these tough times may be a once-in-a-generation opportunity to refocus attention on underexploited opportunities for major modal shift.

With a government brake on new roads and most new trains, the solution staring ministers in the face is the bus – the safest, greenest and best-used form of public transport, with five billion passenger journeys a year. It fits both the coalition government's policy priorities and its key spending review principles.

First, efficiency. Treasury analysis of public expenditure last year showed that spending on local public transport was half that of the country's railways. Yet buses carry more than four times as many passengers as trains. A mile of new motorway was estimated in 2006 to cost £29.9m, which means the entire annual investment in BSOG could be provided by sacrificing just 15 miles of high-speed tarmac. And in terms of physical road space, the bus carries over seven times as many passengers per metre of road as the car.

> **'These tough times may be a once-in-a-generation opportunity to focus attention on opportunities for modal shift'**

Protecting those most in need has been flagged as a central pillar of the spending review. Again the bus scores highly. Buses are vital for the 25% of Britons without cars and they are most heavily used by the lowest income groups, who live on a budget of less than £10,000 a year.

The Conservatives have heavily promoted the concept of localism and the importance of community. Buses provide vital local links to work, education, health, leisure and shopping. They are a flexible, local solution to local needs. While a supportive central government environment helps, it is the local decisions and relationships that drive the success of the bus.

Finally, the spending review sets out a core principle of non-state provision – wherever possible seeking private sector solutions – and an emphasis on economic value. Some 85% of bus services are provided commercially by the private sector. The bus industry itself has huge economic value. It supports 170,000 direct bus operator jobs, including drivers and engineers, as well as thousands of others in bus manufacturing and the supply chain.

So the bus ticks all the boxes at a time when government options are limited. The Committee on Climate Change recently called for a "step change" on smarter choices to reduce carbon emissions across the economy. As the bus and coach industry's Greener Journeys campaign has demonstrated, the bus is the cost-efficient, carbon-efficient solution. With a smart approach to budget priorities and priority for the bus itself on the road, we could take one billion car journeys off the road in three years.

We have been here before with buses, I hear you say. And you are right. At the end of the 1990s, John Prescott called for "the workhorse of the 20th century" to become the "thoroughbred for the 21st century". There was much talk of a fairer society, prosperity, protecting the environment, cutting congestion, and offering travel choices. The economic backdrop has changed dramatically, but the objective and the rationale were right.

After the trauma of World War II, buses were the travel mode of choice leading to what was seen as the golden age of the bus in the 1950s. Some 60 years later, as we grapple with a new financial world order, we have an opportunity to usher in a new golden age of bus use. Then perhaps when David Cameron says "We're all in this together", he might just be talking about the bus.

Steven Stewart is director of corporate communications of Stagecoach Group

Transport Committee appointed

The House of Commons has formally appointed the members of the Transport Committee. The full committee is: **Louise Ellman** (Labour/Co-operative, Liverpool Riverside) who remains as chair; **Angie Bray** (Conservative, Ealing Central and Acton); **Lilian Greenwood** (Labour, Nottingham South); **Tom Harris** (Labour, Glasgow South); **Kelvin Hopkins** (Labour, Luton North); **Kwasi Kwarteng** (Conservative, Spelthorne); **John Leech** (Liberal Democrat, Manchester Withington); **Paul Maynard** (Conservative, Blackpool North and Cleveleys); **Angela Smith** (Labour, Penistone and Stocksbridge); **Iain Stewart** (Conservative, Milton Keynes South); **Julian Sturdy** (Conservative, York Outer).

John Vincent, leader of AECOM's Europe transportation practice, is to take up a new role to lead and launch the company's Strategic Planning and Advisory service for its global transportation business.

Mr Vincent will move to his new role from being AECOM's Europe managing director for transportation, where recent projects have included the design of the Manchester Metro extension to the Bulgarian Transport Masterplan.

The creation of a Strategic Planning and Advisory group in Transportation is part of an initiative to strengthen AECOM's position in the provision of holistic planning services to address the challenges of future urbanisation.

Based in the UK, Mr Vincent, a civil engineer, will focus on developing critical areas of expertise, seeking to win projects in emerging sectors and developing markets.

Vincent's current role as Europe's managing director for Transportation will be taken by **David Watters**, currently International Director of Transit/Rail.

people

CILT has appointed **Donna Cresswell** as chief operating officer. The new appointment is designed to take responsibility for running the day-to-day operations of the Institute and developing commercial opportunities, freeing chief executive Steve Agg to develop wider external CILT policy and profile matters.

Ms Cresswell joins CILT following recent posts as director of Communications at the Motor Neurone Disease Association and head of hommunications for Carlsberg UK. She will be based at CILT's offices in Corby, Northamptonshire.

Transport planner JMP has named five new associate directors and two new associates.

Three of the new associate directors are in the Glasgow office. **John McDonald** and **Alan DeVenny** both specialise in development planning, and **Jason Gillespie**, who is involved in transport and transport planning.

Lee White in the Birmingham office joined JMP specialises in public transport and transport planning while **Steve Bowers**, in the Manchester office concentrates on development planning.

The two new associates are transport planner **Amy Denton** (Leeds), and **Sarah Wixey** (London) who specialises in transport planning with particular reference to social inclusion and accessibility.

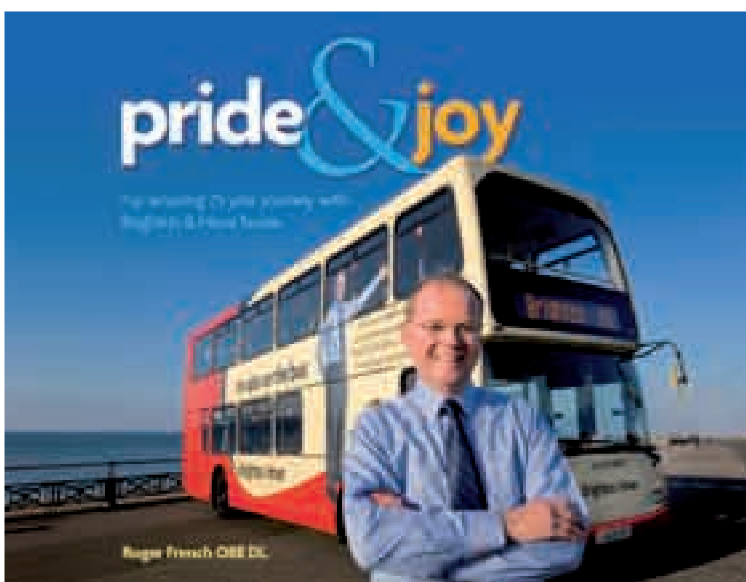
Win a copy of 'Pride & Joy' by Roger French

Roger French, long-standing managing director of the award-winning Brighton & Hove bus company, has just published a book marking 25 years since the Brighton & Hove brand was reactivated, and his own involvement in its successful development since then.

Pride & Joy – my amazing 25 year journey with Brighton & Hove buses is written for a wide audience including transport professionals as well as bus enthusiasts and the local interest market in Sussex. Roger tells the story of how partnership working has led to 17 years of growth in bus use in the city and describes the key ingredients which have made this work. Much of this is applicable around the country and is essential reading for everyone involved in the industry.

There's the background to why the £1 flat fare was introduced in 2001 ("the riskiest thing we ever did"), the story behind the company's successful marketing campaigns and its allegiance to Scania and the switch to Dennis in 1999.

The book lifts the lid on how the successful management buyout of the company was enacted in 1987 and how the team came to choose Go-Ahead rather than GRT Holdings (which subsequently became First) in 1993 to sell on to. There's the previous untold story of how Brighton Transport's Blue Buses company was nearly acquired by Brian Souter's Stagecoach before it was sold to Go-Ahead in 1997.



Roger French puts a marker down for the current Competition Commission inquiry stating he hopes they "will get a sense of the dedication we all have to providing the best possible service to our customers as well as encouraging motorists to consider travelling by bus". One chapter in the book describes the various competitive incursions Brighton & Hove has faced since deregulation – which have been much more than imagined.

"The book, like my job, has been a labour of love to write", Roger French says, "and I hope there will be something of interest in this story to others in the industry about the last 25 years of running the company". It features 250 photographs and maps in its 160 pages. Profits from sales are being donated to two local charities: the Martlets Hospice of which Mr French is chairman and the Argus Appeal of which he is a trustee.

Pride & Joy is available online from Amazon, direct from Brighton & Hove Bus Company's web site www.buses.co.uk, and from transport book shops or you could win one of three copies by answering the following three questions:

1. **When was the £1 city-wide flat fare introduced?**
2. **How many years of passenger growth has Brighton & Hove experienced?**
3. **Large photographs of passengers began appearing on the sides of buses in 2005. Under what generic slogan?**

Send your answers to chelsea.robinson@transporttimes.co.uk with "Brighton competition" in the subject line, to arrive by Monday, 17 August. The first three correct entries to be selected at random after this date will be the winners.