The Role of Bus Partnerships

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Abstract

Great Britain (outside London) is unusual among Western European economies in leaving the planning of its bus networks to the private sector, albeit working from a long-established historic basis. It took several years following deregulation in 1986, compounded by wholesale changes in the ownership of bus operators, for new, stable and mature relationships to develop between operators and local transport authorities. The building of partnership working, founded on their common interests of encouraging greater accessibility by bus, increased patronage, and modal shift from cars – with the consequent social, economic and environmental benefits – has underpinned some impressive achievements over the last 25 years.

This paper examines the role of partnerships in enabling and sustaining improvements in service quality and supply, and securing additional investment in network resources and facilities. It is based on many years direct experience of developing the partnership concept with authorities and operators and working through a variety of challenges that have arisen. In addition to this experience, we draw on 2015 data obtained from across Britain while revising government guidance on the issues. We consider the differences between models of service delivery with and without partnership, the components of successful partnerships, and the lessons to be learned from less successful implementations. Finally, we look at more recent changes in the partnership landscape, and the tensions with advocates of closer regulation, leading up to the provisions of the Bus Services Act 2017.

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1. Introduction

The planning of public transport has never been regarded as a legitimate concern of central government in Great Britain (GB), even in the development of strategic railway routes during the 19th century. Instead, a permissive regulatory regime has generally been applied, with the significant involvement of local government in road-based transport. (Although the nature of local administrations relevant to roads and transport has varied over time, for convenience this paper will refer to them all using the relatively recent term ‘local transport authorities’ (LTAs), except where it is necessary to distinguish between different types. Also for convenience, England or GB should be read as excluding Greater London, unless stated otherwise. The devolved governments in Scotland and Wales have responsibility for bus policy in those countries, but at present the key principles are the same throughout GB. Note that GB excludes Northern Ireland where a publicly-owned near-monopoly operator, Translink, is in place.)

Even during the ‘regulated’ period of bus service licensing, from the early 1930s until October 1986, the independent Traffic Commissioners who oversaw the system did not specify the network to be provided, but made reactive decisions about service proposals from individual operators, often with a view to protecting existing services from ‘wasteful competition’. This constrained the market-oriented development of services, which many observers characterised as fossilising the network. Indeed, many present-day bus services still show a direct correlation with pioneering efforts of a century or more ago.

This does not mean, however, that the public sector did not have a major influence on network development. There were many municipal bus companies – some operating well beyond their local boundaries – while, as a consequence of large-scale railway investment in bus companies before World War II, many were nationalised soon after the railways in 1948. Despite this, the objectives set for nationalised (and many municipal) bus operations were primarily commercial, and focussed on minimising public expenditure (or maximising the returns to local or national taxpayers).

Through the 1960s and 1970s, with their sharp loss of bus patronage, most management attention was given to cost control and ‘managed decline’. The first financial assistance for local bus services – refund of duty paid on the fuel used – was not legislated until 1965, and LTAs were only given a remit to co-ordinate bus services (and specific powers to subsidise them) from 1974 (or 1975 in Scotland). For the first time, a mechanism then existed to plan for the perceived needs of potential users – while at the same time, economic circumstances (largely external to the bus industry) dictated that this engagement was essentially one of providing funds to subsidise ever-increasing losses. Nonetheless, it did open a dialogue between operators and LTAs, and stimulate a significant transfer of bus industry knowledge and personnel into the latter. It also set the scene for a political conflict between central and local governments in some areas during the early 1980s.

It was against this primarily negative backdrop that the Transport Act 1985 paved the way for deregulation of bus services and the return of the nationalised industry to the private sector, putting ‘market initiative’ (the ability for any licensed operator to start or amend a service at its own volition) back at the heart of public transport planning. This was explored in a paper at Thredbo-13 (van de Velde, 2014). However, post-deregulation change has been moderated by the weight of history – the vast majority of operators had established service networks, to which only marginal changes were made. The few operators who chose to make radical alterations to pre-existing services learnt to their cost how resistant most bus passengers are to change.

A summary of the principal roles of key stakeholders in the deregulated local bus market is provided in Figure 1 below. At March 2016, there were 9,332 licensed[i] bus and coach operators in GB, operating a total of 93,451 vehicles, and 17,634 registered local bus services (Traffic Commissioners, 2016). There are over 130 LTAs in GB, ranging in population size from around 2.8 million in each of Greater Manchester and West Midlands to 39,000 in Rutland.

Operators	LTAs	Others
Capital resources - - *buses, depots* Operation - - *staffing* - *support services* Commercial planning - - *routes / frequencies* - *fares and ticketing* Marketing Public information *(may share with LTA)*	Infrastructure - - *road network* - *bus-specific (stops etc.)* Social provision - - *fare concessions* - *service subsidies* Policy - - *transportation planning* - *modal support decisions* Operation - - *traffic/parking management* - *some bus facilities*	**Traffic Commissioners** Operator Licensing (quality basis) **Competition & Markets Auth.** Control anti-competitive practice Stimulation of competition **National Governments** Policy / legislative framework Funding (direct or indirect) **Police** Traffic law enforcement

Figure 1: Stakeholders' roles in the deregulated market

This paper is concerned only with partnership in the context of local bus services in GB. It is possible that the principles of partnership could be applied successfully to light or heavy rail services – indeed, there are Community Rail Partnerships on many self-contained local lines on the British railway network – but the normal level of financial support entails a formal contractual relationship between rail provider and responsible transport authority. There is no example of a multilateral partnership involving an LTA, bus and rail operators.

2. The path to Partnership

Following deregulation, a number of factors militated against the early development of a partnership approach between bus operators and LTAs. Some of these were ideological – in particular, the seven metropolitan Passenger Transport Authorities were opposed in principle to both deregulation and the requirement to dispose of their bus operating units. Other factors were practical – everyone had to get used to new sets of relationships and ways of working, while many operators were heavily occupied in combatting on-road competition. Finally, major changes in the structure of the industry and ownership of individual companies continued for a lengthy period – National Bus Company (NBC) sales started even before deregulation, while privatisation of Scottish Bus Group (SBG) companies was completed only in early 1991; meanwhile a process of ownership consolidation gathered pace from 1987 until 1996, by which time the current major players (Arriva, First, Go-Ahead, National Express and Stagecoach) were well established.

Deregulation produced some early excesses of on-road competition, but these were mainly reduced to manageable proportions within a relatively short period. More challenging for most operators to deal with were the combined effects of a vehicle replacement backlog, often poor staff morale, the new application of competition law and the uncertainties of the new contracting regime for service subsidies. It is perhaps little surprise that longer term development was not a priority while the restructured businesses settled down. Although LTAs also had heavy workloads and other issues to resolve, most did find that their bus support budgets showed significant savings.

The concept of a ‘Quality Bus Partnership’ emerged around 1991, led by a progressive group of LTA officers, operator representatives and others who recognised that the objectives shared by LTAs and operators far outweighed their differences. Following launch of the concept at an industry conference, early pilot projects led to steady development from the mid-1990s onward. The timeline of early development is illustrated in Figure 2.

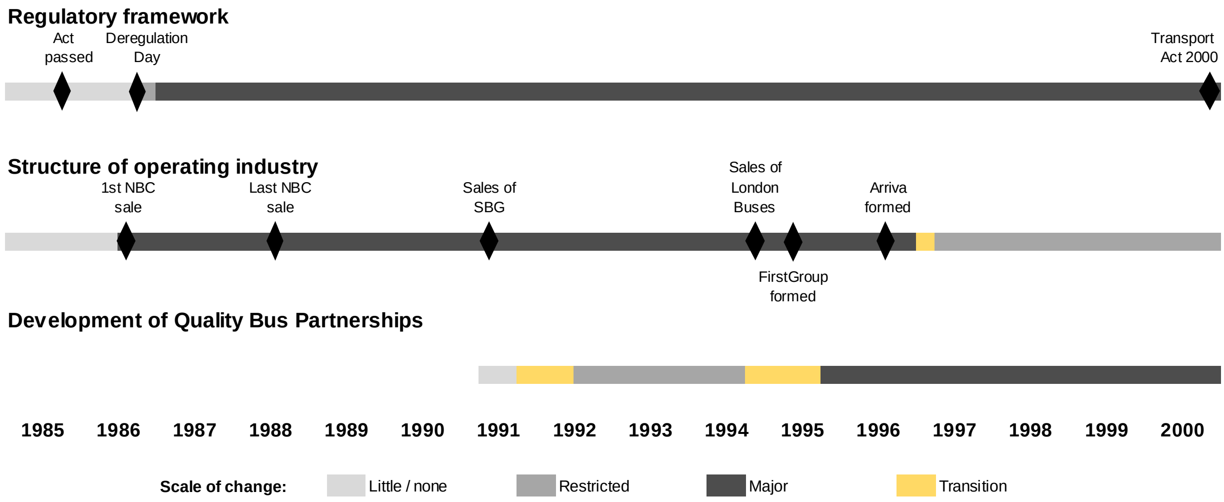

Figure 2: Timeline of Partnership development in the context of structural changes

Since 2000, bus partnerships have continued to develop as part of mainstream practice, although they are by no means universal. This largely corresponds with a period of reform to local government processes aimed at streamlining decision making (moving away from committee-based decisions to executive mayor or cabinet structures), and this may have assisted development of partnerships. Further legislation – the Local Transport Act 2008 – has extended partnership options, and in particular enabled agreements between operators to co-ordinate competing services, where endorsed by the LTA, to be protected against punitive action by the competition authorities.

3. What does Partnership mean?

The interpretation of ‘partnership’ used in this paper is co-ordinated action by two or more partners to achieve agreed improvements in bus services.

This is not necessarily a universal definition – different people mean different things when referring to bus partnership, and this was not helped by legislative appropriation of the term in the Transport Act 2000. Subsequent official guidance published by the central government’s Department for Transport (DfT) has had to distinguish between ‘voluntary’ and ‘statutory’ partnerships – the latter referring to a Quality Partnership Scheme (QPS) established by a LTA under the 2000 Act. A QPS specifies certain conditions that bus operators must comply with in order to make use of specified new (or nearly new) infrastructure – perhaps a bus station or a bus-only lane – for a period of at least five years. Such conditions may include the design or age of buses used, service frequency or maximum fares, and non-compliance may result in a financial penalty or suspension / loss of the Operator’s Licence.

This institutionalised version of ‘partnership’ has been further extended by the Bus Services Act 2017, which Professor Peter White is exploring in a separate paper at Thredbo-15.

Returning to our interpretation, it is important to note that it is not prescriptive. The content of partnership was always intended to be flexible, so as to reflect local circumstances and priorities, and this is demonstrated by the case studies considered below. A wide range of scales is also evident, from city-wide to a single route, or bilateral to one (in Greater Manchester) with over 50 partners.

But what are the effects of a bus partnership? We believe they can be summarised under three headings, as follows:

- **Securing or accelerating investment** – This has been a key objective of most partnerships from the very earliest examples, perhaps because it provides highly visible evidence of delivery. The operator's provision of upgraded (usually new) buses should benefit all passengers, but often the most valuable investments are relatively localised adjustments to roads and/or traffic signals by the LTA, especially if these enable buses to by-pass significant delay points. Early vehicle investments were often aimed at improving access for mobility-impaired passengers; now that key aspects of such access are universally mandated, recent specifications tend to focus on reducing vehicle emissions. The range of LTA interventions is unchanged, but operators are pressing more insistently for measures to relieve congestion-induced reductions in average urban operating speeds.
- **Strengthening relationships and aligning objectives between the parties** – These have remained a feature of partnership development throughout and – in the opinion of participants in some of the most mature examples – are the most important aspects of all. In some cases, the mere establishment of open communications between bus operators and LTAs has delivered benefits through, for example, better appreciation of (and consequent provision for) the needs of buses affected by major road works.
- **Modifying market behaviour** – While this might be disputed by some participants, the implementation of almost any effective partnership implies some adjustment of the operator's commercial objectives to take account of LTA aspirations. Increasingly, recent partnerships have also sought to co-ordinate services between operators to improve effective service levels and enhance financial sustainability.

The typical components of partnership have also changed over time. Early partnerships tended to focus heavily on hardware – provision of enhanced bus stops / shelters / information systems by the LTA, paralleled by provision of new buses by the operator. In recent years, while these elements may still be present, greater emphasis has been seen on 'softer' elements of bus users' experience, including enhanced customer care training for drivers, development of smartphone 'apps' for easier ticketing options and use of improved traffic signal control software to assist bus journey times.

4. The role of the competition regulator

The bus industry is subject to UK competition law which seeks to ensure that consumer benefits arising from open and active competition are not undermined by:

- agreements between operators that have the effect of restricting or limiting competition – such as agreements on territories or fares; or

- predatory behaviour by dominant operators – such as temporarily running at a loss to drive others out of the market.

Getting the balance right is a challenge: too much on-road competition leads to congestion on popular routes, instability and customer confusion; too little competition results in poor services and high fares. Meanwhile, LTAs are pursuing a variety of policy objectives through a range of interventions – not merely in providing roads and infrastructure, but in supporting services that are not provided by the market, through demand-side subsidy (concessionary travel), facilitating public travel information and, in some cases, facilitating payment mechanisms (e.g. smartcards) that create an additional market.

All of the above require oversight to ensure that effective and fair competition is maintained. The principles are set out in European and UK law, and in GB the task of oversight and regulation is undertaken by the Competition & Markets Authority (CMA). (In 2014, the CMA replaced two previous bodies, the Office of Fair Trading and the Competition Commission.)

In an ideal world, there would be certainty about which competitive behaviours are or are not allowed. In reality, the many variations in circumstances make this impossible and the legislation and formal guidance simply cannot avoid using indefinite language – words or phrases such as '*significant*', '*proportionate*', '*appreciable*' and '*likely to*'. Moreover, it is impracticable for the CMA, as the national regulatory body, to intervene actively in all local situations. There is thus uncertainty about the extent to which co-operation can be promoted between operators, whilst complying with the competition rules.

A serious disincentive is the penalty regime associated with breaching the rules. Whereas LTAs are generally protected during the proper exercise of their statutory passenger transport functions, commercial undertakings which breach competition law face significant financial penalties (up to 10% of their worldwide group turnover). It is understandable that operators are extremely wary of initiating co-operation amongst themselves, even where it is clear that this would benefit passengers and have little competitive impact.

A series of workshops held with authorities and operators in 2015[ii] revealed that fear of the penalty regime acts as a significant disincentive to partnership development by operators, whilst concern about breaching competition rules, perceived as complex, was an equal disincentive for many LTAs.

For example, in one area the services of two operators overlapped and partially competed with each other. The LTA operated identical but parallel partnerships with the two operators to avoid them being in the same room together when issues were discussed. This came about as a result of 'defensive' legal advice to the effect: *"The LTA is not under a duty to take action to facilitate co-ordination; if we do and get it wrong this could result in court action, so the precautionary approach is to limit our involvement".* However, this situation is likely to give sub-optimal outcomes.

Given the high level of consolidation in the GB bus market (cf. Competition Commission (2011), the legislative threshold set for consideration of anti-competitive agreements (10% aggregate market share of the parties) will nearly always be met. In many cases, an operator would also be considered 'dominant' under European law (cf. Case 27/76 United Brands v Commission [1978] ECR 20 cited in Office of Fair Trading (2004)). Consequently, partners' attention is better focussed on considering legal justification for partnerships or other actions, rather than trying to obviate competition law by avoiding any agreements.

A generic exception exists under Section 9 of the Competition Act 1998 that, if met, allows anti-competitive agreements to remain lawful. An agreement passes this test if it:

a) contributes to:

(i) improving production or distribution, or

(ii) promoting technical or economic progress,

while allowing consumers a fair share of the resulting benefit; and

b) does not:

(i) impose on the undertakings concerned restrictions which are not indispensable to the attainment of those objectives, or

(ii) afford the undertakings concerned the possibility of eliminating competition in respect of a substantial part of the products or services in question.

While this does legitimise the introduction of voluntary market-led technical standards at both a national and local level – such as for smartcard operation – the lack of any pre-authorisation process fails to provide enough reassurance to potential bus partnership members. Consequently, specific ‘Part 1’ and ‘Part 2’ Tests were introduced in the Transport Act 2000 to provide protection for both the operators and LTAs involved, supplemented by a Ticketing Block Exemption covering multi-operator ticketing arrangements.

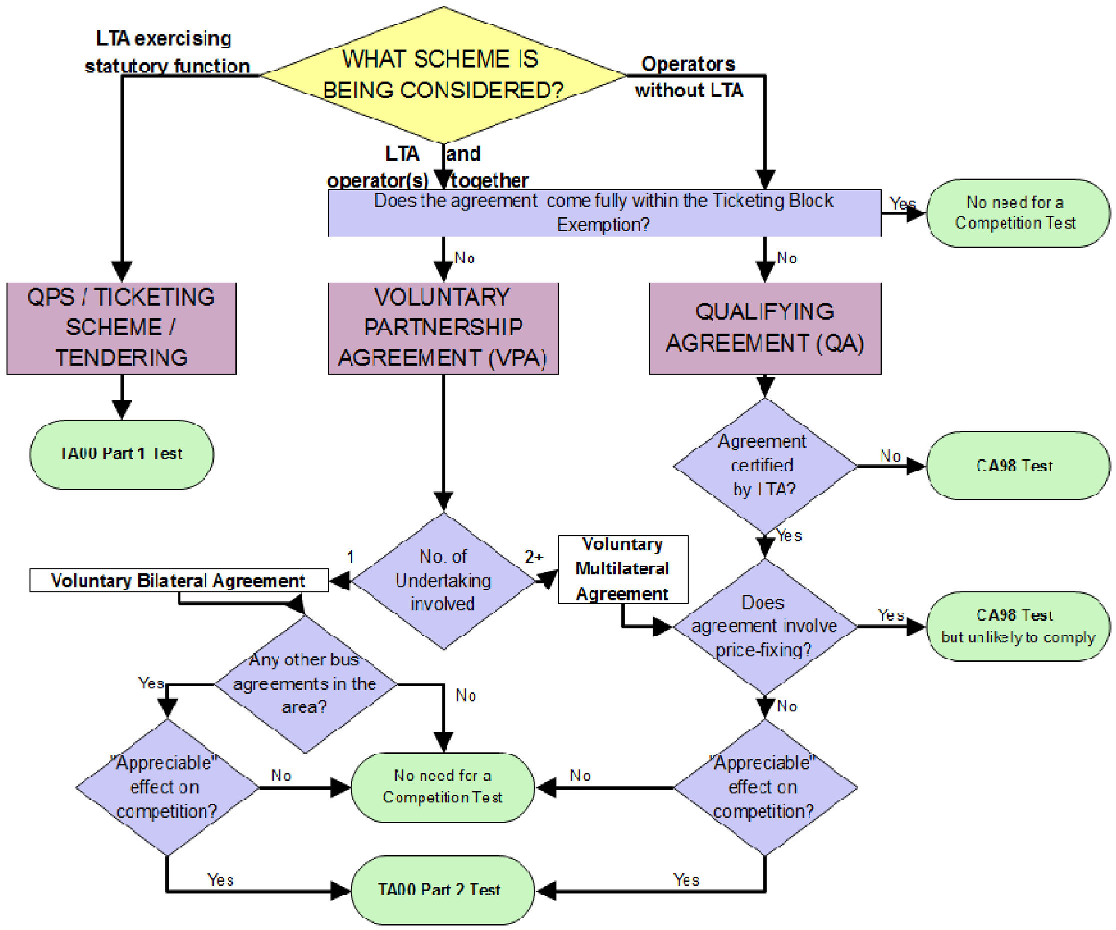

Figure 3: Flowchart showing which Competition Test may apply

The flowchart above sets out which Test may apply. Its complexity is one explanation for the reluctance of LTAs to be more active in developing partnerships. Smaller LTAs may only have one or two (relatively junior) staff working on bus service support, for whom taking significant decisions about the balance between consumer benefit and managing competition may be well beyond their remit or capacity.

The **Part 1 Competition Test** covers LTA activities in statutory QPSs, formal Ticketing Schemes and local bus service tendering. It has three elements:

A) is there a significantly adverse effect on competition? (Note that ‘significantly adverse’ is stronger than ‘appreciable’)

B) is the LTA involved with a view to securing one or more of the three specified ‘bus improvement objectives’? i.e:

- to secure improvements in the quality of vehicles or facilities used to provide local bus services; or
- to secure other improvements in local bus services; or
- to reduce or limit traffic congestion, noise or air pollution; and

C) is the effect on competition proportionate or likely to be proportionate to the achievement of that objective?

The LTAs which have been most successful in Bus Partnerships have grasped that these tests are locally and situationally specific, and that they are in the best position to identify the ‘bus improvement objectives’ and to confirm that the effect on competition is proportionate. In effect, this means balancing the benefits that would accrue from achieving the objectives against the disbenefits that could result from reduced competition. No particular technique is required for this assessment, and it may be readily included in the general cost-benefit analysis that will support the investments required within a Bus Partnership.

An example of specified ‘bus improvement objectives’ comes from Sheffield:

- New bus priorities and removal of old Euro-emission standard buses with new ones that are compliant with access requirements for disabled passengers;
- Co-ordinated headways and a simplified bus network;
- Reduction in the number of bus movements in line with Air Quality Management Area guidelines.

The **Part 2 Competition Test** applies to Voluntary Partnership Agreements (involving one or more operators and one or more LTAs) and ‘Qualifying Agreements’ (between operators only). Any partnership agreement which has the effect of preventing, restricting or distorting competition must meet the Part 2 Test, and be certified to this effect by the LTA or LTAs involved, unless it relies on the Section 9 (CA98) Test (see above).

An agreement will meet the Part 2 Test if:

- it contributes to the attainment of one or more of the bus improvement objectives; and
- it does not impose on the undertakings concerned restrictions which are not indispensable to the attainment of those objectives; and

- it does not afford the undertakings concerned the possibility of eliminating competition in respect of a substantial part of the services in question.

Although the wording of the Part 1 and Part 2 Tests differs, very similar principles apply in practice to assessing the benefits and disbenefits. Note that the last bullet point refers to ‘eliminating’ competition, not merely restricting it, and partnership agreements often make explicit that there is no restriction on partners’ activities.

For a valid Qualifying Agreement, between operators only, the LTA must certify that:

- the agreement is in the interests of passengers using local bus services in the area of the LTA(s) concerned; and
- it does not impose on the undertakings concerned restrictions that are not indispensable to the attainment of the bus improvement objectives.

The **Ticketing Block Exemption** was established as a user-friendly system to enable bus operators to operate multi-operator ticketing schemes without breaching competition rules. The CMA generally recognises that such schemes have the potential to benefit consumers without significantly distorting competition, and this exempts them from prohibition under the 1998 Act. The following table shows the types of tickets that come within the exemption.

Table 1: Examples of Ticket Types Which Benefit from the Block Exemption

Ticket Type	Description	Examples
Multi-Operator Travel Cards	Unlimited travel tickets valid on all participating operators’ services within a defined geographic area	Greater Manchester ‘System 1’ network tickets
Through Tickets	Tickets allowing a multi-stage journey using the services of more than one operator	‘Transfare’ tickets in Tyne & Wear allow bus-Metro transfer as part of a single journey.
Multi-Operator Individual Tickets	Tickets allowing choice of competing operator between defined points	On Leeds’ Kirkstall Road corridor, all operators accept each other’s tickets.
Short/Long Distance Add-on Tickets	An ‘add-on’ ticket for local travel as part of another journey	The ‘PLUSBUS’ range of tickets (area-based bus add-ons to rail tickets)

To benefit from the Block Exemption, agreements must adhere to the following principles:

- There should be no linkage between the ticketing scheme and consideration of the routes, areas, frequencies or times of day where an operator will provide services.
- All participating operators must be free to set their own fares and decide what tickets to offer.
- Apportionment of revenue from the sale of Multi-Operator Travel Cards should be on the basis of actual use of the tickets, so that revenue follows customer decisions on use and avoids operators manipulating market share by adjusting fare levels.

- For through tickets and add-ons, operators should charge each other a ‘posted price’ which must be offered equitably to any operator.

Revenue apportionment can be difficult, and some schemes simply allow for ‘revenue to lie where it falls’, i.e. whoever sells the ticket keeps the cash. However, LTAs can assist by facilitating other methods; e.g. in Tyne & Wear, Network One piggy-backs on a programme of surveys for the LTA’s concessionary fares scheme. The LTA calculates the use of Network One Travelcards on each operator's services, and applies a weighting by distance travelled to apportion revenue from a single pool.

A particular CMA concern has been to prevent exchange of commercial information, such as resource costs, pricing strategies, revenue (except under the Ticketing Block Exemption), investment plans and competitive strategies. Our 2015 workshops revealed LTA concerns that Partnerships might result in unlawful information exchange between operators. However, some information exchange can have positive results by facilitating efficiency gains and service improvements. Provided a fair share of the benefits is passed onto passengers and competition is not restricted, this would not breach the legislation. In the sort of asymmetric, oligopolistic markets that are common in the GB bus market, information made available to smaller operators and potential new entrants who cannot capture it themselves may improve competition [iii]. LTAs can have a key role in making this happen fairly. Moreover, provided the LTA is not itself a bus operator, the bilateral exchange of commercial information with an operator does not raise competition issues. The LTA can use such data to develop its general approach to the market.

5. Criteria for success

To decide whether a partnership is successful, it is usually necessary to set out what it is aiming to achieve. Somewhat surprisingly, our research in 2015 established that many partnerships are vague about their objectives, and quantified targets of any sort are rare. This echoed earlier findings (TAS, 2002).

The most obvious target is to increase bus patronage, and some partnerships – e.g. in Coventry – have set such a target. Indeed, if the objective is not to increase bus usage, it may well be asked what is the point of a partnership? Passenger response is the ultimate test of how attractive and appropriate any public transport service is.

Nonetheless, some partnerships express their objectives in other ways, while others do not specify any particular targets. There are several reasons why this may be so.

One of the most common, anecdotally, is that the LTA is unwilling to commit itself to any significant or longer-term action or expenditure, and will therefore not agree to the inclusion of specific targets. While this reluctance to be accountable is not new, it has become markedly more prevalent since the financial crisis of 2008/09 and the ensuing period of government austerity[iv].

Another reason is that some partnerships have wished to avoid setting out any criterion by which they might be judged to have failed. This may show a lack of faith in the project, but should be judged in the context of local political circumstances or, in some cases, where external causes create genuine uncertainty about the potential outcomes.

Finally, some partnership objectives may be genuinely unquantifiable – there have been partnerships whose aim was simply to improve relations between the parties, and some of these have become very successful.

Examples of other measurable objectives which have been found include: increase in passenger satisfaction (measured by survey); reliability and punctuality targets (although usually no more stringent than required by the Traffic Commissioners); percentage of vehicles equipped with CCTV or Automatic Vehicle Location systems.

The lack of quantified objectives is generally reflected in low levels of activity in monitoring and reporting on partnerships and their effects.

6. What has Partnership achieved?

Research in 2001 (TAS, 2002) found that 380 voluntary bus partnerships had been formed, of which roughly one-third were overarching, policy-based agreements and the remainder more specific, hardware-based schemes. Later research has failed to establish robust listings of partnerships but, despite apparent slackening of the pace in the early 2000s, many more have developed over the subsequent 16 years, including a number of QPSs.

The approach adopted in our research has been a mixture of questionnaire surveys, panel and workshop discussions and in-depth case studies. Given the rarity of quantified targets referred to above, most of the information captured has been qualitative.

A critical issue in assessing what partnership has achieved is in identifying what additional benefits are attributable to a Partnership. Where fleet replacement has taken place, for example, did it make a difference that it occurred in the context of a Partnership? How much would have been done in the absence of a Partnership?

There are usually no clear answers to questions of this sort. The influence of partnerships may well be a matter of timing – bringing forward accelerated investment, rather than stimulating it from scratch. However, the situation may be more nuanced than this; there will be cases where only the existence of a Partnership generates sufficient confidence – in either the LTA or the operator – to make the investment at all. In economic terms, this might be regarded as reducing the risk balance of the risk-reward relationship. The prospect that the investment will help to ensure the contribution of inputs from another partner may also increase its attractiveness to the ultimate decision makers.

When considered in this context, the amounts of money released by partnership working can be very significant – the current 'Bus Alliance' (a very comprehensive partnership agreement) in the West Midlands is stated to be worth £150 million over five years[v].

Our earlier work (TAS, 2002) identified partnership capital expenditure of £470 million over 3-4 years, at an average of £1.9M per scheme, and comprised around 4% of (then much higher) public expenditure on bus services. Analysis of a sample of completed schemes enabled us to derive average figures for the return (as annualised revenue) on each pound of expenditure on a range of partnership measures, as shown in Figure 4.

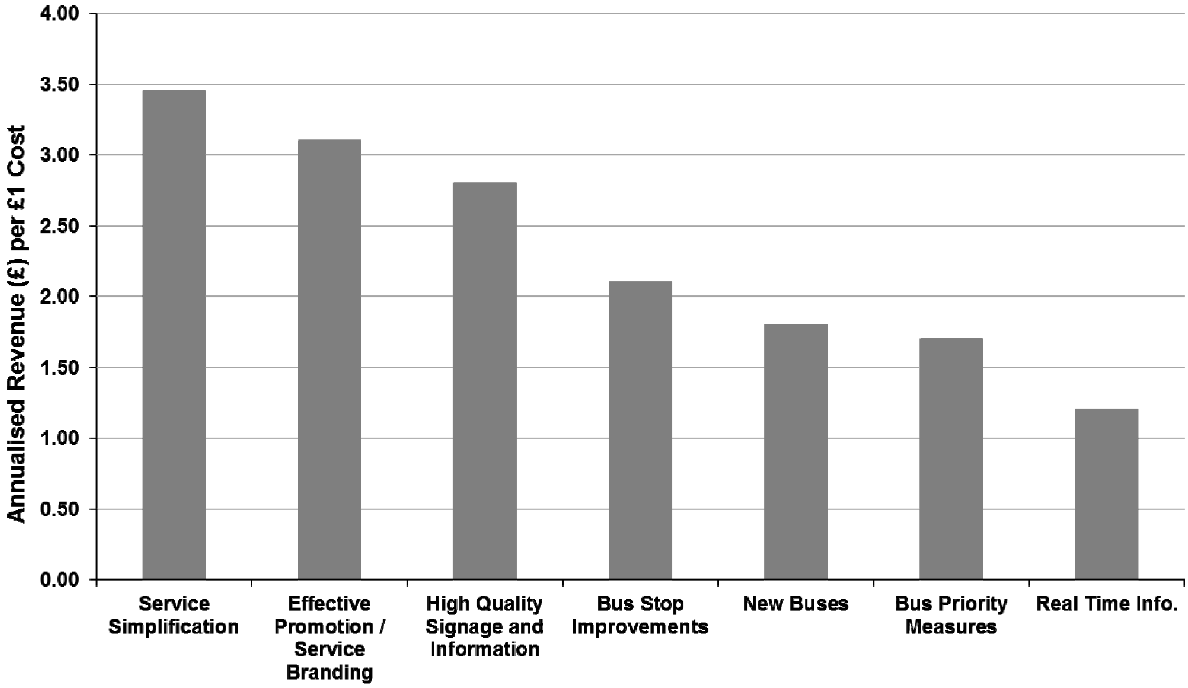

Figure 4: Returns on Typical Partnership Investments

It is notable that the highest returns accrued to some of the simplest measures, especially service simplification (i.e. the concentration of resources on an easily-marketed, high-frequency network, which may be supplemented by low-frequency, marginal 'infill' routes). While we have no reason to believe that these relationships will have changed substantially, it should be noted that they apply to urban networks, and pre-date smartphone use, which could alter the return on real-time passenger information.

Unpublished work for the DfT from 2015 included a number of informative case studies, some of which are summarised below.

6.1 South East Dorset

This voluntary partnership was created in 1999 and includes the two main bus operators (Go South Coast and Yellow Buses) and the three LTAs (Bournemouth, Dorset and Poole) in whose area the conurbation falls. The partnership was refreshed in 2009 and has secured additional funding through occasional government programmes.

The results achieved by the partnership are impressive:

- a 70% increase in passenger numbers (the largest in England outside London) during the ten years from 2004/05;
- over £27 million invested in new buses;
- customer satisfaction ratings relating to overall satisfaction, punctuality and value for money are all above the national average;
- investment in passenger infrastructure (72 new bus shelters, 88 new and 120 upgraded real-time information displays); and

- provision of bus priority measures, including bus lanes, bus gates, protected stops and priority at traffic signal junctions (controlled by the real-time system).

The success of the partnership is attributed to regular contact between the partners, careful management of authority / operator communication and a recognition that the needs of passengers are paramount.

6.2 Nottingham

This scheme is characterised by partnerships with various employers in Nottingham, and is an example of a partnership progressing from a voluntary to a statutory basis.

The voluntary partnership was originally corridor-based, but evolved into a network partnership to dovetail with operator investment in new vehicles. The partnership has been in existence for 15 years and meets quarterly but there are no formal minutes – it is about information-sharing, breaking down barriers and performance monitoring on a network basis. There are no major problems, and the partnership is considered mature in its approach.

A statutory partnership was established to manage those bus services wishing to use city centre bus stops. 95% of all journeys are on radial services that terminate in the city centre, mostly at on-street stops, where kerb space is at a premium following the opening of the tram system. The result is a system of slot booking, organised by the LTA, which ensures that buses do not cause congestion. It was felt that this level of control was beyond what could be achieved under voluntary arrangements.

The objectives of the statutory partnership are to improve reliability, journey times, quality, accessibility and air quality (with a minimum Euro III emission standard, to be upgraded by 2020 to Euro V or VI). All operators participate in the multi-operator ticketing scheme, although voluntary, as it is a requirement of securing access to the city centre. The statutory partnership is considered a good tool which ‘ties things down’ and provides a degree of permanence impossible under a voluntary partnership.

6.3 Sheffield

The Sheffield Bus Partnership, set up in 2012, stands out for its sheer scale of coverage and achievement. The five-year Voluntary Partnership Agreement is between First, Stagecoach, Sheffield Community Transport, Sheffield City Council (highway authority) and South Yorkshire PTE (LTA). A single, stable network with joint, co-ordinated timetables on the main corridors, with 120 new buses and £4.5m invested in bus stops, bus routes and traffic management is the result. Adult fare-paying patronage grew by 10% in the first three years, and passenger satisfaction rose (Young, 2017). Resource savings from formerly competing services have secured the viability of the network, and been re-invested in discounted multi-operator travelcards and tickets which enable seamless interchange between buses.

In its present form the partnership is a success, but an initial partnership signed in 2007 faced a significant problem when all parties involved changed, and the loss of continuity changed the direction of the partnership. When a partnership was set up in neighbouring Rotherham, an innovative approach was adopted to minimise the effects of changes in personnel – the agreement included behavioural values relating to the partnership to ensure continuity of approach and spirit, and not just the practical objectives. While large organisations can sign up to a partnership with the best of intentions, it is worth making sure the whole organisation is engaged – this applies to operators as much as to local authorities.

6.4 Norfolk

There are 42 operators of varying size in the county of Norfolk, and a number of voluntary partnership agreements (without documentation). There is competition in all urban areas, which is significant in Norwich. The LTA has supported smaller operators and generally has taken a holistic view to justify provision of bus infrastructure / priority and traffic management initiatives. It has a proactive relationship with operators and will nudge them where it thinks they are underperforming or missing an opportunity.

Regular quarterly meetings have enabled Norfolk Highways to understand the needs of bus operators, and helped bus operators to understand Highways' needs and pressures. During major road works, Highways now tries actively to avoid rerouting buses, including providing a banksman so that buses are allowed through even where cars are not. A common manager for the Transport and Highways teams has helped these processes, and direct relationships have now been established between operators and Highways.

7. The components of success – and failure

This section draws on the preceding text and examples to illustrate good (and bad) practice.

Partnership works best where most bus services are provided commercially – i.e. without LTA subsidy. (It is not appropriate where all, or nearly all, services are operated under contract to the LTA, which therefore determines all aspects of operation.)

While there are no rules about the appropriate structure or formality for any partnership, there are some useful principles:

- The structure should be proportionate to the scale and prospective benefits of the partnership.
- The principles should be set down in writing – too many partnerships have foundered because of misunderstanding or disagreement after an untimely change of personnel.
- The larger the scale of the partnership's ambitions, the more detailed the written agreements should be.
- Most partnerships will entail both strategic and practical levels – different agreements (and representatives) may be needed for each.
- Keep the number of direct partners to the minimum necessary to achieve the objectives – this should not preclude others from a consultative or 'associate' role.
- Including all necessary partners may require multiple representatives from some organisations – typically, both transport and highways staff from the local authority.
- It is worth defining the grade and/or roles of the partnership 'board' members, who must be empowered to make all but the highest-level decisions.

Advice from successful partnerships is that a regular schedule of meetings (involving the right people) is helpful, and promotes useful communication even when there is little direct partnership business. While there is a balance to be struck, this underlines further advice – that building a successful partnership requires perseverance. It has been the fate of a number of partnerships that they simply lost momentum, and "fizzled out" over time – often after a dynamic leading figure moved away from involvement. The most successful partnerships have benefitted from consistently positive and motivational leadership.

With an effective structure in place, the next essential is clear agreement on the aims and objectives of the partnership, building on common interests, and a clear, realistic programme of actions which will achieve them. Wherever possible, quantified outcomes should be predicted in advance, and supported by appropriate business cases for any investment. Measures should be focussed on meeting the perceived needs of passengers and potential users, and informed by existing or, where necessary, new research.

In planning for investments, careful consideration should be given to the liability of partners for capital (one-time) and revenue (ongoing) expenditure. Early partnerships often weighted capital spending onto operators (new buses), and left LTAs with significant revenue cost commitments (e.g. maintenance of shelters; operating real-time information systems); this is completely the opposite of their respective strengths. It tends to be more effective if LTAs contribute the major share of capital funding, while operators concentrate (except for vehicle replacement) on operational and revenue funding elements.

With regard to delivering the practical measures designed to achieve the partnership's objectives, the most common obstacles reported by LTAs are:

- political issues within the authority (including simple lack of support / interest);
- objections to bus priority measures by traders or residents;
- timing problems due to contract delays, design problems, funding shortfalls, utility provider requirements or adverse weather;
- change in operator involvement (particularly due to the price-based award of a contract for operation at non-commercial times).

Obstacles identified by bus operators include:

- lack of consistency or credibility in LTAs' offers;
- loss of availability of new buses (to other group companies – particularly after a delay by the LTA);
- changes to market conditions, revenue or the competitive situation.

The likelihood and impact of such obstacles may be minimised by effective communication and consultation, both within partner organisations and with the public in affected areas. In particular, thorough briefing of LTA councillors from the start may help overcome any controversy which arises as partnership works take effect on the ground.

8. Conclusions – What future for Partnerships?

Partnerships, in a variety of forms, have had a major effect on bus services in GB over the last 25 years. They have introduced additional and accelerated investment, enhanced relationships between operators and transport authorities, and enabled constructive modification of the pure market-oriented service model. The latter may have obviated or delayed pressures to restore a 'regulated' service planning environment.

The fear of breaching competition rules has acted as a constraint on partnership development. LTAs, however, are in a strong position to intervene as arbiters taking a holistic position to represent the public interest. Those authorities that have been involved in successful partnerships have adopted a distinctly pro-active approach to competition issues.

Despite this, the foundation of partnership remains as strong as ever – the shared interest of operators and LTAs to shift travel from private cars to buses (and other active travel modes). Bus operators are highly adaptable and pragmatic, and partnerships seem likely to survive.

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Endnotes

[i] However, 44% of these licences are restricted to operation of one or two minibuses with 9-16 passenger seats

[ii] As part of work by The TAS Partnership Limited to prepare updated Guidance for the DfT (unpublished report)

[iii] One of the Court's concerns in the leading case of 'UK Tractors' (Case T-34/92), was that exchange of sales information between existing suppliers in a market meant that they could predict each other's likely competitive response, whereas this was not available to newcomers. It thus served as a barrier to entry.

[iv] From 2008/09 to 2015/16, government support to buses (net public transport support plus Bus Service Operators Grant) in England, outside London, fell by 31% in real terms (see https://www.gov.uk/government/statistical-data-sets/bus05-subsidies-and-concessions, Table BUS0502b)

[v] See http://nxbus.co.uk/west-midlands/news/national-express-helps-launch-the-uks-first-bus-alliance