

CC NO



DEPARTMENT OF TRANSPORT
2 MARSHAM STREET LONDON SW1P 3EB

01-212 3454

Rt Hon Nigel Lawson MP
Chancellor of the Exchequer
HM Treasury
Treasury Chambers
Parliament Street
LONDON
SW1P 3AG

R/PSO/8208/84

29 August 1984

Handwritten initials: R/PM, N, M/V

Dear Nigel

CONTRACTING OUT OF LOCAL GOVERNMENT SERVICES

Patrick Jenkin wrote to you on 25 July reporting on the progress made so far by officials on the E(A) remit to produce a report on the legislative options for securing more contracting out of local government services to the private sector.

I believe the review is proceeding very much along the right lines and I hope that substantial progress can be made on the various proposals set out in Patrick Jenkin's letter.

I should mention that my proposals for the bus industry, as set out in the Buses White Paper published last month, provide considerable opportunity for the private sector to play a greater role in the provision of local services which up to now have been largely the domain of dominant public sector operators. Whilst I do not propose that existing local authority powers to provide bus services be removed, I am anxious that local authority operators compete with the private sector on fair and equitable terms. This is not the case at present. I will also be taking appropriate measures to ensure that when a local authority decides to subsidise the provision of bus services, it will have to go out to competitive tender to all local operators. Again, this will provide new opportunities for the private sector.

I am also taking action in the area of road construction and maintenance. The existing DLO compulsory tendering regime bites both on the highway construction and maintenance work which local authorities carry out on their own roads as well as on the work which they carry out on motorway and trunk roads as my agents. However in addition my Department is planning experiments with contracting out the whole maintenance responsibility on selected sections of motorway which will

include planning and supervision work which is not at present subject to the DLO tendering rules.

Overall, I believe we must look closely at every opportunity for contracting out and my Department will continue to co-operate fully in the review.

I am copying this letter to the Prime Minister, Members of E(CP) and E(A), Leon Brittan, Keith Joseph and Sir Robert Armstrong.

Johnson
Nicholas

NICHOLAS RIDLEY

File

BUS POLICY

Members may find this
briefing useful in considering
the New White Paper.

25th October 1984

1	The Manifesto Pledge	1
2	The Proposals	1
3	The case for deregulation	2
	Consumer choice	2
	Innovation and market responsiveness	2
	Cheaper services and value for money	3
	benefits to rural areas	3
4	The evidence	5
a	The effect of a regulated market on costs	5
b	Evidence from practical experience	6
5	Questions and Answers	6
6	Article from "The Times" by Ferdinand Mount	12
	Statistical Appendix	

Conservative Research Department,
32 Smith Square,
London SW1
Tel. 222 9000 x 2417

Enquiries on this brief to:
Jeremy Moody

Wider use of services run by education, health and social services authorities, the Post Office and others will be explored.

* The National Bus Company will be reorganised into smaller free-standing parts which will be transferred to the private sector. PTEs will be required to break down their operations into smaller units which will be formed into companies. Municipal bus operators will be reorganised in company form wholly owned by their district councils. Councils will be free to privatise them if they so wish.

* Taxis and hire cars will be allowed to carry passengers at separate fares in certain circumstances. The restrictions on the number of taxis and hire cars in certain areas will gradually be relaxed.

3. The case for deregulation

(i) Consumer choice

The Conservative Party believes that consumers should be free to choose the sort of transport they want and therefore existing producers should not be protected from competition from those who believe that they can offer better value for money to consumers.

(ii) Innovation and market responsiveness

In the stage service bus market, the effect of the bus licensing rules has been to protect high cost operators from challenge by cheaper operators. Regulation discourages innovation and market responsiveness by its very nature. It has contributed to the need for growing levels of subsidy to maintain unprofitable services. The established operator has very little incentive to pioneer innovative cheap services; but the conventional bus is only one of the ways in which the demand for personal travel can be met. Deregulation will encourage experimentation and innovation. Prosperity and the demand for personal travel is bound to continue growing. This will mainly take the form of higher car ownership. But the public transport industry, so long as it offers new and attractive services can also tap this growing market. It will do so in an environment in which bus operators look keenly to see where and when people want to travel.

BUS POLICY

1. The Manifesto Pledge

The Conservative Manifesto pledged

"We shall further relax bus licensing to permit a wider variety of services. We shall encourage the creation of smaller units in place of the monolithic public transport organisations which we have inherited from the socialist past, and encourage more flexible forms of public transport. City buses and underground railways will still need reasonable levels of subsidy. But greater efficiency and more public enterprise will help keep costs down."

The Bus White Paper, published on 12 July 1984, proposes measures to honour this pledge. There will be considerable potential benefits for rural areas.

2. The proposals

The proposals are for

- * A complete removal of all road service licensing controls in Great Britain (except for London). Providing safety requirements are satisfied, any operator will be able to run a bus on any route, charging any fare.
- * Where a county council wishes to provide support for a service which can only operate with subsidy, that service will be put out to tender on a competitive basis. Fuel duty rebate will continue.
- * Regulation of public service vehicles and operators for safety will be maintained. Further resources will be provided for enforcement.
- * Concessionary fares schemes will continue and all operators will be enabled to participate on an equitable basis.
- * Additional resources will be available for four years (£20m in year one) to further public transport in rural areas. There will be in addition a special innovative grant (of £1m a year in England) for rural services.

(iv) Benefits to rural areas

Rural areas stand to benefit particularly from this policy. Firstly a free market will help make bus services in rural areas more economic to run, but secondly the Government recognises the need for extra help to these areas, where transport is often already inadequate. First it will encourage innovation by creating a new grant of £1m a year in England to encourage new schemes for transport in rural areas. This will be administered by the Development Commission in England. Tendering will help local authorities achieve better value for money over the longer terms, but the Government will provide additional help to maintain vital services in the first few years. The total value of the extra rural grant will be £20m in the first full year. It will be available for four years and phased out in even steps. Low cost alternatives to the bus are often the answer to the needs of rural areas. So the Government intends in certain circumstances to allow the shared use of taxis and hire cars at separate fares. It will be consulting with local authorities and others on the scope for stimulating the better use of services run on behalf of education, health, and social services authorities, the Post Office, private firms and others.

In Summary deregulation will bring considerable benefits. On many services passengers will pay lower fares. The costs of services will go down. There will be more variety in the kinds of services offered. New operators will be prepared to come in providing new jobs. Overall, patronage should increase and the industry will be ready and able to respond in the future to changing patterns of living, working and leisure.

4. The evidence

a. The effect of a regulated market on costs

The bus licensing laws regulating stage carriage services were introduced over 50 years ago (in the Road Traffic Act 1930) to regulate an instable and indisciplined bus market in circumstances very different from today's. While there have been benefits from the strict controls which were imposed on the quality and safety of bus services, the evidence shows that restrictions on quantity of services

Competition will stimulate bus operators to provide a greater variety of services. For example, competing minibuses may offer fast and frequent services in city centres. Shared taxis may provide transport for people in villages. New services may link residential areas with out of town shopping centres.

(iii) Cheaper services and value for money

Competition will reduce non-commercial cross subsidy (ie subsidy within a bus company from profitable routes to unprofitable routes), because competition on profitable routes will inevitably bring high fares down. But this is not a bad thing. Cross subsidy between services means that fares on profitable services are unreasonably high. This deters would-be passengers and leads to a spiral of lost patronage, leading to lower fares. Cross subsidy has actually increased the rate of decline. In the National Bus Company's latest Annual Report, Lord Shepherd - Chairman of the NBC, stated -

"In many areas cross subsidy is being taken to the point where the benefits obtained by meeting certain social objectives have been outweighed by the long term damage being inflicted on the future performance of routes now suffering from over pricing and going into premature decline."

Lower fares on profitable routes will attract people back onto those buses. There is a case in equity as well. People who travel by bus are generally the less well off, and there is no reason why the many who travel on heavily patronised services should be expected to subsidise the few who travel on unprofitable services. There is also no reason why people in poorer parts of the country, where car ownership is low and bus patronage is high should subsidise those in richer areas where car ownership is higher.

Deregulation will enable the local authority to obtain better value for money. By itself loss of cross subsidy would lead to an increased requirement for direct subsidy from the local authority to maintain the same level of service. But the scope for cost reductions from competition is so great that many routes which are now unprofitable will become profitable when deregulated. Where routes are still unprofitable and the local authority puts the service out to tender, competition to win the contract will enable the local authority to obtain the best value for money.

a case for some general modification in the licensing law", (Transport Policy White Paper Cmnd 6836), but they did little to change it. It was left to the Conservative Government to act.

The 1980 Transport Act deregulated long distance express coach services excursions and tours. The results were dramatic. Between 1980 and 1983 fares on these services dropped on average by 40% in real terms and 700 new services were introduced. The Act modified the law for local services - removing fares control, but it was still not easy for new operators to move in and compete. The Act also enabled the establishment of Trial Areas within which road services licensing was abolished on application of the County Council. Three such areas have been established in Devon, Norfolk and Hereford and Worcester. The result in all cases has been that there has been no massive decline in services, and no increase in subsidy to offset the loss of cross subsidy. In Hereford and Worcester, the County Council is paying 38% less subsidy, but services in Hereford town have increased and fares have gone down. Fares have fallen in some cases by as much as 40%.

Summary

The evidence is overwhelming that the licensing system has contributed to the decline of public transport. It has protected inefficiency, discouraged innovation and has contributed to the escalating need for public transport subsidies. There is substantial evidence from the effects of the 1980 Transport Act that competition benefits consumers and provides better value for money.

5. Questions and Answers

Q. Will more competition jeopardise safety?

A: No. To protect the safety of passengers and others on the road, the bus industry is supervised by the independent Traffic Commissioners. Every operator must have a licence from the Commissioners and they take into account maintenance arrangements, financial standing, professional competence and repute. Since 1982, PSVs have been subject to annual mechanical inspection. Drivers have to pass a special driving test and demonstrate medical fitness. The hours they work are restricted by EEC regulations. Vehicles are subject to spot checks. This system of supervision

have led to inflated costs and have contributed to a growing subsidy requirement, much of which appears to have "leaked" into inefficient working practices. As Mr Nicholas Ridley, Secretary of State for Transport said in a speech to the Bow Group on 12 June 1984 -

"Presented with the instability and indiscipline which characterised the bus industry of the early '30s today, we would have been right to bring in strict regulations on the quality aspect, safety, bus stops, parking, road behaviour. But we would not have brought in regulations on the quantity of services."

The effect of regulation on costs and the scope for savings can be seen in the following figures.

- * Subsidies to the bus industry (including the cost of concessionary fares) have risen from £71m in 1972 to nearly £1bn in 1983/84. The Met Counties and London account for over 80% of this subsidy.
- * Costs of operating buses have risen by 20-30% above inflation over the last 10 years; bus fares have risen on average by more than 30% in real terms and demand has fallen by 30%. This has occurred at a time when the demand for travel has increased substantially overall. In contrast, taxi and hire car fares have risen only 10% in real terms and demand has increased significantly.
- * If costs were to fall by 15% - the saving would be over £200m a year to the taxpayer on services outside London, against a total revenue support (outside London) of £350m.
- * Comparisons of PTEs and NBC operations show that NBC's average costs per vehicle mile are more than 20% below average costs per vehicle mile in the PTEs.
- * The costs of private operators are between 30-40% below those of public sector operators. The potential exists for cost reductions of up to 30% of the total costs of public operators.

b. Evidence from practical experience

The need for reform of the bus licensing laws has been clear for some time. Even the last Labour Government admitted that "There is already

Q: Won't competition lead to 'wasteful' use of resources and unreliable services?

A: Some people argue that without regulation, the provision of services will be unduly volatile. In part this reflects a distrust of small operators. But given the retention and enhancement of controls over competence and financial standing of operators, such fears are exaggerated. Operators out to make a profit will not hazard the goodwill of travellers, or their reputation with licensing authorities by unreliability or frequent changes in routes, timings or fares. Socialists often argue that competition is 'wasteful' - but the market will provide an effective check on additional services for which there is inadequate customer demand.

Substitution of one operator for another will not be frequent once markets have settled down after deregulation. The actual degree of competition, and therefore the volatility of the market will be much less significant than the potential degree of competition which will exert a downward pressure on costs.

Q: How will the local authorities provide concessionary fares with competing operators?

A: The Government believes that it should be up to local authorities to decide the best way of catering for the transport needs of the elderly and disabled - whether it be by concessionary fares or other means. The Government supports sensible concessionary fares schemes and the White Paper proposes to improve the present arrangements. At present concessionary fares subsidies are sometimes conferred by local authorities to services provided by one operator. The Government proposes to ensure that all operators of local services have the right to participate in concessionary fares schemes where they are provided by the council. The reimbursement by authorities to operators who carry people at concessionary fares should reflect any net loss of fares revenue together with any extra costs of carrying the additional passengers. Existing arrangements are often expensive to the local authority, as they may contain a hidden subsidy to bus operators.

will be fully retained. More resources will be made available for vehicle inspection and enforcement.

It has been alleged that competition will lead to the growth of unacceptable practices such as speeding and racing to bus stops. In order to deal with this, the Government will be giving the licensing authorities new powers to stop operators who behave foolishly on the road from operating local services at all. Furthermore all operators wishing to run local bus services will be required to register the route and timing of their service with the licensing authority and give adequate notice of withdrawal. Failure to provide registered services will be a further matter which the licensing authority will weigh in considering whether an operator should continue to be allowed to run local services.

Q: Will competition cause congestion?

A: Better and cheaper bus services should ease congestion in many cases by attracting people from their cars. However, there may be a problem in a small number of places like city centres where traffic conditions are already difficult. To deal with any problems, the licensing authority will have reserve powers to impose rules about routes and stopping places in consultation with the police and local authorities.

Q: Will competition lead to the breakdown of co-ordinated bus networks?

A: It is argued that with several independent operators, and without regulations to ensure provision for co-ordination and interchange, sensible arrangements could prove harder to make. But do the planners really know best? Can they really be responsive enough to changing passenger needs? Competition and deregulation will create commercial incentives for operators to cater to the needs of passengers and provide the convenience and facilities they want. Operators will co-operate to ensure their services connect, and through ticketing will still be possible to arrange as it is clearly in the operators interest to arrange services which passengers find convenient.

It is also argued that networks will break down because loss of cross subsidy will lead to withdrawal of unprofitable services. But the effects of withdrawal of cross subsidy will be counter-balanced by the considerable scope for reduced costs and improved efficiency from more competition (as described on page 3).

Q: Will the break up of NBC result in the loss of express coach services?

A: There is no reason why it should. 'National Express' is the marketing name for express services provided by the individual NBC subsidiaries. It has been a great commercial success. It will be in the commercial interests of the separate companies to work together to continue to provide and market express coach services.

Q: Do the 'Trial Area' experiments prove that safety is jeopardised and passengers get a worse service from competition?

A: It has been alleged that the experience of the Trial Area in Hereford and Worcester has led to unsafe vehicles being used, dangerous driving practices and worse service. The position is as follows:

Competition has led to many services changing hands, a lower request for subsidy and lower costs. The greatest competition has occurred in Hereford town itself. Since the Trial Area, four independent operators have competed with Midland Red (the NBC subsidiary) and three are still doing so. Midland Red responded by making substantial fare reductions, introducing more buses (times to run just in front of those of their competitors) and on one occasion free buses! There have been questions about the quality standards of operators; one lost his operator's licence and another secured licence renewal on a limited basis subject to a review. The Government believes that the need for strict enforcement of safety rules is of paramount importance. The licensing authority will have new powers to stop people behaving foolishly. New registration requirements will ensure that operators provide timetabled services and give adequate notice of withdrawal. New reserve powers will be brought in to enable conditions to be imposed about routes and stopping places. More resources will be given for enforcement.

Q: Why do these proposals not apply to London?

A: The London Regional Transport Act transfers the responsibility for the London Transport Executive from the GLC to the Secretary of State, and reconstitutes it as London Regional Transport, with new powers and duties. The legislation requires changes in the way London's buses and tubes are run, requires LRT to contract out work wherever suitable and provides for greater involvement by the private sector in the provision of services both as contractors to LRT and in competition with them. These are major changes and it would not be sensible to subject the organisation of public transport in London to a second wave of change within such a short period. In these special circumstances, the Government has concluded that regulation should remain in London for the time being.

Q: How will the proposals stop anti-competitive practices and unfair competition from larger operators?

A: At present agreements between bus operators are exempted from the application of the Restrictive Trades Practices Act 1976. The Government intends to remove this exemption. Agreements between operators will have to be furnished to the Director General of Fair Trading and will be scrutinised by the Restrictive Practices Court if they contain significant restrictions on competition. If the Court decides restrictions are against the public interest, they will be void.

In order to restrict the ability of large operators to thwart competition because of their size and financial strength, the Government is proposing changes to the structure of publicly owned bus companies. Municipal companies will become companies and after a short period of adjustment, the district councils will be prohibited from providing further funding to subsidise the company. Instead the company will derive revenues either from fares or from local authorities following open tender. The bus operations of Passenger Transport Executives will be broken down into smaller units and turned into companies as soon as possible: as with municipal companies, restrictions will be imposed on funding after a period of adjustment. The NBC Board will have a brief to reorganise the company into parts which can be disposed of as free-standing companies.

TABLE 1

PASSENGER TRANSPORT BY MODE 1953 - 1983

GREAT BRITAIN

	1953		1963		1973		1983	
	bn Pass km	% of total	bn Pass km	% of total	bn Pass km	% of total	bn Pass km	% of total
Private motor ¹	58	30	158	60	309	77	414	83
Bus and Coach	82	42	64	24	53	13	40	8
Rail	39	20	36	14	35	9	35	7
Air ²	0.2	0.1	1.3	0.5	2.4	0.6	3.0	0.6
Pedal Cycle	17	9	6	2	4	1	5	1
TOTAL ³	196	100	265	100	403	100	497	100

¹ car, van, taxi and motorcycle.

² includes Northern Ireland and the Channel Islands.

³ totals may not add due to rounding.

Source: Department of Transport

THE TIMES

Ferdinand Mount

Let's make buses more omni 10

Lovers of R. S. Surtees will remember the inimitable beginning of *Mr Sponge's Sporting Tour*. Our hero is seen "mizzling" along Oxford Street, pausing at the "bus-perplexed" Circus, and fetching up at the Edgware Road end, eyeing the many-coloured buses with a wanting-a-ride-like air: "Red, green, blue, drab, cinnamon-colour passed and crossed, and jostled, and stopped". In this riotous confusion of conveyances, Mr Sponge is, as always, master of the situation: "Quietly awaiting the evaporation of the steam, and the disentanglement of the vehicles, by the smallest possible sign in the world, the bus is obliged either to come to or lose the fare, and he stops quietly in."

How unlike our own dear request stops. It is a vanished world; the huge variety of buses, all competing frenetically for custom, seems a far cry from the dignified monopoly of London Transport. Today it is only in remote places such as Hongkong, and Istanbul, and Buenos Aires, that you find buses in profusion and hungry for passengers.

The side-effects of this rationing were masked so long as there was, for most people, little alternative to bus travel. But with the rise of the private car, the effect became visible and dramatic. Since 1955, the number of bus passengers has halved, and subsidies have risen from £71m in 1972 to nearly £1,000m a year today. It is a vicious circle. The longer people have to wait for a bus, the fewer people will be prepared to wait; hence the steeper the losses, and the higher the fares and the subsidies.

This decline is not inevitable. Since the long-distance coaches were de-rationed in 1980, fares have come down on average by 40 per cent in real terms, and 700 new services have been introduced. Yet journeys of more than 30 miles are just the ones for which the private car is most suitable. Millions of people still do not have cars and would love to see cheaper and more frequent

bus services running over any distance from one mile to 300 miles.

Next month, Nicholas Ridley, the Transport Secretary, is to publish his White Paper on Buses. And already the vested interests are limbering up to resist change: the National Bus Company, London Transport, the transport unions, and the great groups of nationalizers, co-ordinators and integrators who have before their eyes the vision of a pure and seamless "transport policy".

Many of the objections raised are already crumbling under the pressure of experience. It is not simply the example of the long-distance coaches with their videos and "in-flight service". (Why do other

forms of transport, such as hovercraft, feel bound to borrow the language of the airways, notoriously the most disagreeable form of travel?). For the past couple of years, there have been three trial areas - in Devon, Norfolk and Hereford-and-Worcester - in which all bus licensing has been abolished for town and country buses alike. The results on these mainly rural services are encouraging if not spectacular. One can hardly blame private operators for entering rather gingerly a field from which they have been excluded for half a century. But, despite the dire predictions of chaos, there are undoubtedly more buses running and costing less, either in fares or in subsidies.

These results are not so very surprising. In parts of Australia, one of the few countries where it is possible to make a direct comparison between state buses and private buses on scheduled services, the running costs of the state buses are reckoned to be up to 50 per cent higher. Private firms can run buses profitably on routes where state operators could not.

This brings up the "bald-tyre cowboys" argument - that private bus firms tend to cut their costs by lowering standards of safety and maintenance. If this objection,

already being voiced by the *New Statesman*, were valid, it would of course be an equally valid objection to the private ownership of taxi cabs (where in fact the inspectors keep up remarkably high standards). Safety licensing, which is vital and should probably be strengthened, is not to be confused with quantity licensing, which is not and should be abolished.

But will there not be traffic chaos and dangerous touting for custom, just as described in *Mr Sponge's Sporting Tour*? Again, there is not with privately owned taxis; fear of losing one's operator's licence is a powerful deterrent to cowboy behaviour. And as for congestion, if every extra bus contains only two people who might otherwise have been driving their cars, congestion would actually be reduced. The unions' fears about unemployment are understandable, but if there are more buses running, there will be more, not fewer, jobs for bus drivers (although not necessarily with London Transport or the National Bus Company).

The best argument of all - and one which ought to appeal to this government as much as it would have to Soapy Sponge - is, simply, liberty: if someone wants to run a bus service, he ought to be allowed to, unless there is an overwhelming reason for stopping him - and there is not.

TABLE 17: EXPENDITURE ON SUBSIDIES AND GRANTS: 1972 - 1982 : GB

£ Billion

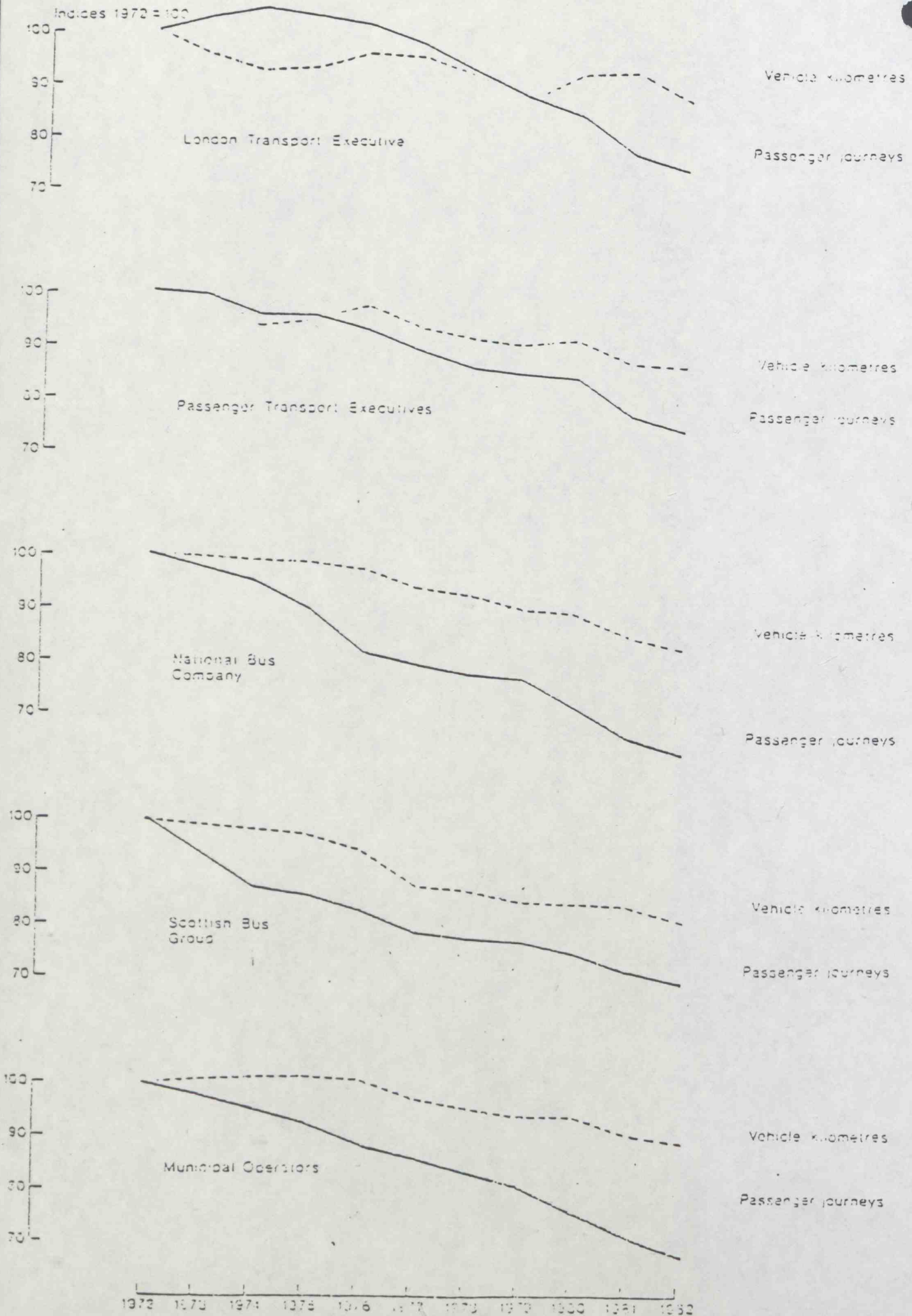
	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982
not fully relate	21	20	32	38	45	57	59	60	78	93	95
to bus grant ¹	18	21	23	31	39	43	52	62	80	56	40
to operator (National Bus Company)	7	-	-	-	-	-	-	-	-	-	-
to operators in respect of excursionary fares	12	20	37	79	95	109	124	137	162	190	235
to structure ¹	1	1	2	2	2	1	1	1	-	-	-
Revenue Support from local authorities	10	14	76	185	191	166	165	185	250	400	490
depreciation and renewal from GLE	-	6	7	8	10	13	14	25	28	27	39 ²
Capital grants from GLE ¹	2	-	-	-	7	-	-	-	1	14	-
Total Grants	71	82	177	345	389	389	415	470	599	780	897

Source: Transport Statistics Great Britain 1972-1982

Capital grant

Change in accounting procedure

CHART 9 TRENDS IN STAGE SERVICE PATRONAGE AND LEVELS OF SERVICE: GB



18: REVENUE SUPPORT AND RECEIPTS PER PASSENGER JOURNEY 1972-1982: GB

	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982
Revenue Support (£m)	10	20	83	193	291	179	179	210	273	427	529
1972 = 100	32.5	35.5	41.1	51.1	59.6	69.0	74.7	84.8	100.0	111.9	121.5
Revenue Support at 1980 prices (£m)	51	56	202	378	537	259	240	248	274	382	435
Stage Receipts (including railway fare contribution) (£m)	440.3	464.0	509.0	667.9	813.3	895.7	983.9	1069.9	1266.4	1320.9	1438.1
Stage Receipts at 1980 prices (£m)	1354.8	1307.0	1233.4	1307.0	1364.6	1293.1	1317.1	1261.7	1266.4	1180.4	1183.6
Stage Passenger Journeys (million)	7873	7839	7682	7493	7112	6833	6596	6443	6200	5685	5490
Revenue support (p) per stage passenger journey at 1980 prices	0.4	0.7	2.6	5.0	4.7	3.8	3.6	3.8	4.5	6.7	7.9
Receipts (p) per stage passenger journey at 1980 prices	17.2	16.7	16.1	17.4	19.2	19.0	20.0	19.6	20.4	20.8	21

Source: Transport Statistics Great Britain 1972-1982

Note: Fuel duty rebate is excluded, but revenue support includes depreciation and renewal payments from GLC to LTF.

TABLE 19: TRENDS IN REVENUE SUPPORT BY TYPE OF AUTHORITY: 1978/79 TO 1984/85: GB

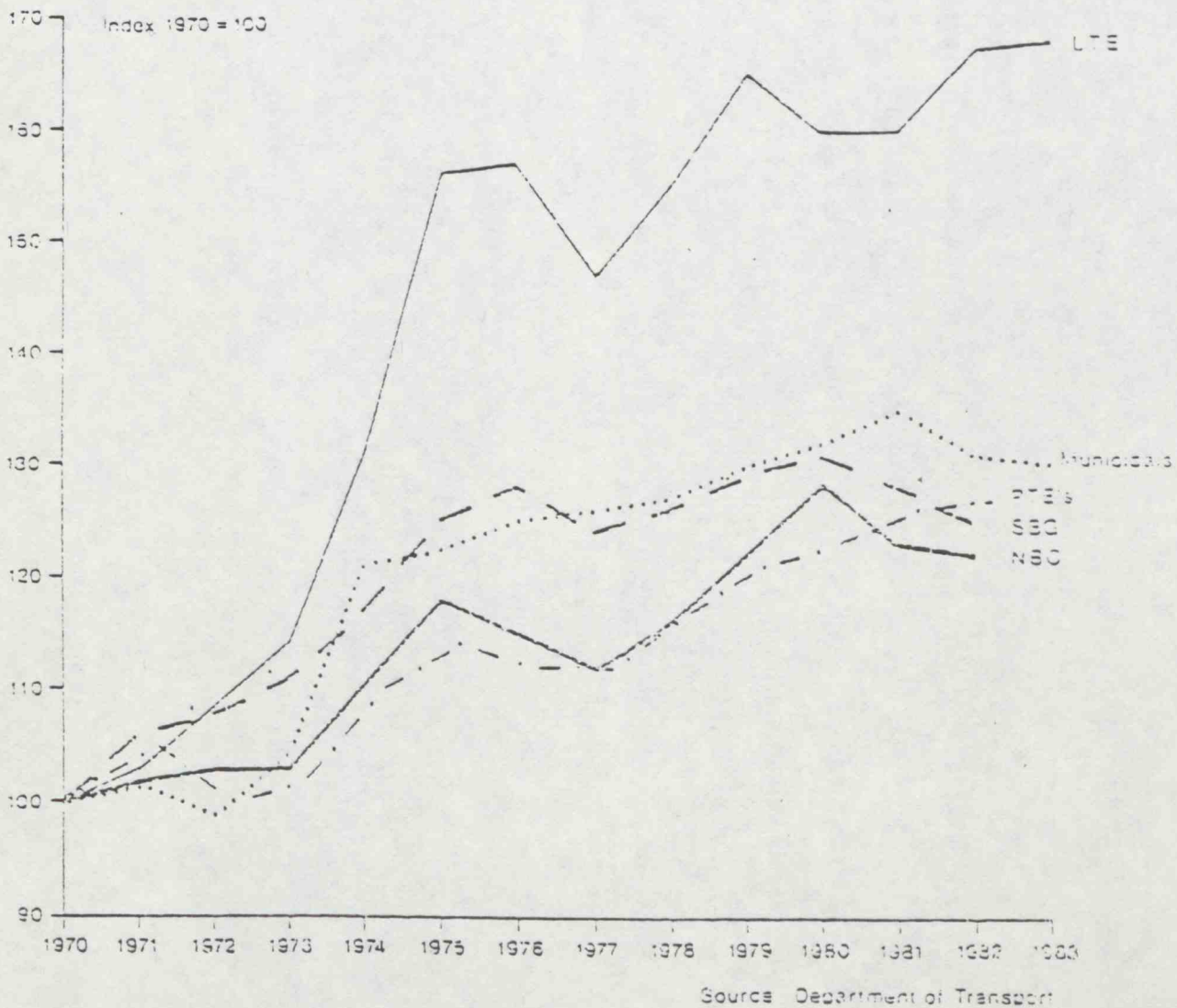
£ million

	1978/79	1979/80	1980/81	1981/82	Provisional 1982/83	Estimated Outturn 1983/84	Budgeted Expenditure 1984/5
Buses, underground, metro and ferries ¹							
England: GLC ²	58.0	52.0	94.0	86.0	162.6 ³	193	190
Metropolitan counties	58.9	79.4	124.6	188.6	227.6	207	206
Shire counties and districts	51.0	66.0	61.3	89.6	88.0	91	96
Wales:	6.0	7.7	8.5	9.5	9.6	11	11
Scotland: ⁴	13.3	18.9	40.2	38.7	38.6	34	39
GB Total	187.2	224.0	328.6	412.4	526.5	536	542

Source: Department of Transport, Welsh Office, Scottish Office

- 1 Revenue support for underground, metro and ferries is relatively small (less than £10m).
- 2 Excludes depreciation and renewal payments from GLC to LTE.
- 3 Includes the cost of the "Fares Fair" policy incurred in 1981/2.
- 4 Buses and ferries only

CHART 23 TRENDS IN REAL COSTS PER VEHICLE-KILOMETRE GB



1983 figure is provisional.

TABLE 19: TRENDS IN REVENUE SUPPORT BY TYPE OF AUTHORITY: 1978/79 TO 1984/85: GB

£ million

	1978/79	1979/80	1980/81	1981/82	Provisional 1982/83	Estimated Outturn 1983/84	Budgeted Expenditure 1984/5
Buses, underground, metro and ferries ¹							
England: GLC ²	58.0	52.0	94.0	86.0	162.6 ³	193	190
Metropolitan counties	58.9	79.4	124.6	188.6	227.6	207	206
Shire counties and districts	51.0	66.0	61.3	89.6	88.0	91	96
Wales:	6.0	7.7	8.5	9.5	9.6	11	11
Scotland: ⁴	13.3	18.9	40.2	38.7	38.6	34	39
GB Total	187.2	224.0	328.6	412.4	526.5	536	542

Source: Department of Transport, Welsh Office, Scottish Office

- 1 Revenue support for underground, metro and ferries is relatively small (less than £10m).
- 2 Excludes depreciation and renewal payments from GLC to LTE.
- 3 Includes the cost of the "Fares Fair" policy incurred in 1981/2.
- 4 Buses and ferries only

FARES IN THE TRIAL AREA BEFORE AND AFTER THE CONTRACT PROCEDURE

From	To	Former Operator	New Operator	Former Fare (p)		New Fare
				S	DR	S
Ledbury	Hereford	Midland Red	Morris	110	175	75
Tarrington	Hereford	" "	"	90	145	50
Lugwardine	Hereford	" "	"	55	90	40
Tillington Common	Hereford	" "	Flashos	80	-	30
Widemarsh Common	Hereford	" "	"	20	-	10
Much Marcle	Ledbury	" "	Smiths	65	105	36