

### Buses, devolution and the growth agenda: A guide to investing in local bus infrastructure

February 2015



#### Important notice

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### **Key recommendations**

- 1. Objectives for local transport networks should be determined locally, aligned to Strategic Economic Plans and guided by national transport policy.
- 2. Efficient transport networks are central to improving connectivity and facilitating economic growth.
- 3. Partnership working between local enterprise partnerships, local authorities and bus operators is required to identify where and which infrastructure measures will deliver the most benefit.
- 4. Continuous technological innovation and sharing of best practice measures will help develop the right solutions to suit local conditions.
- 5. Developing reliable evidence on the likely contribution of specific infrastructure measures to growth and jobs is central to good decision-making.
- 6. Programme minima are likely to be important in the prioritisation of local bus infrastructure schemes, especially where access to jobs, access to essential services and environmental improvements are specific targets.
- 7. The development of local transport plans, supported by political consensus on priorities for investment over the short, medium and longer term, together with a commitment to fund the investment is required to create successful places.
- 8. Scheme delivery is only the first stage to realising the benefits on investment. It must be followed by firm plans for asset management, network regulation and network monitoring.



## Foreword

### This is an exciting moment.

The economy is on the mend. Confidence across the UK is coming back.

And we can now breathe new life into high streets, city and town centres and communities all over the country.

From this year, the Department for Transport will devolve much of its capital funding to the Local Growth Fund, with local enterprise partnerships making the decisions on spending for transport.

As they gain more responsibility, local enterprise partnerships will have new opportunities to provide leadership and bring forward economic growth for their local areas.

Buses have a major part to play in delivering this new prosperity.

They are the lifeblood of our local economies. Every year, bus users make 1.4 billion shopping trips and spend an estimated £27 billion on retail goods.

Every day, buses carry millions of people all over Britain to work. Every year, those bus commuters create more than £64 billion worth of goods and services.

Buses can help our local economies to work better. Traffic congestion in urban areas costs all of us at least £11 billion a year. The most effective solution is to make better use of road capacity on local roads by investing more in local bus infrastructure and selective priority measures so that transport networks can work more efficiently.

Detailed analysis by KMPG LLP shows that such benefits would typically generate £3.32 of economic benefit for each £1 of cost incurred. The costs that are associated with delays would be reduced. There would be wider benefits to local economies too: businesses could link up with suppliers; consumers would have better access to retailers; and local labour markets could work more efficiently.

Greener Journeys welcomes this practical guide to the delivery of successful bus infrastructure schemes. We stand ready to work with all local enterprise partnerships, to harness the full potential of the bus to generate growth, boost jobs and protect the environment.

#### **Claire Haigh**

Chief Executive, Greener Journeys



### Summary

#### Buses, devolution and the growth agenda

The creation of the Local Growth Fund and allocation of a series of Growth Deals to businesses and local authorities across England has started a revolution in the way we invest in local economic growth.

There is increasing recognition that investing in transport networks can improve the functioning of labour markets, business productivity and competitiveness, leading to increases in economic output and jobs. Investment in transport infrastructure can also improve the environment, quality of life and the overall attractiveness of towns and cities.

Local enterprise partnerships are focused on delivering the commitments set out in their Strategic Economic Plans, investing in training and skills, housing and infrastructure projects to create new and more productive jobs.

Against this backdrop, this Guide describes how local decisionmakers can develop a common understanding of the importance of local bus infrastructure in delivering economic growth. The Guide has been prepared by KPMG on behalf of Greener Journeys. It is based on a series of interviews with 60 individuals representing local enterprise partnerships, local and central government, interest groups, trade associations and bus operators.

#### **Developing the right solutions**

Improvements in transport connectivity can be delivered through a range of innovative infrastructure solutions that improve the journey experience as well as performance of the transport network as a whole. The range of bus infrastructure solutions include:

• Selective priority measures, bus lanes, dynamic traffic signal control, remodelled junctions and parking arrangements to improve journey times and network reliability

- Digital busways and intelligent mobility to increase network capacity, smooth the progression of vehicles and provide customers with better information, smarter ticketing and improved safety and security for the whole journey from A to B
- Transport hubs and interchanges providing opportunities for retail and commercial development, as well as quicker connections, better network integration and more comfortable waiting facilities.

#### **Prioritisation of investment opportunities**

Competition for scarce capital funding means that local decisionmakers will need to develop robust and consistent prioritisation techniques to direct investment to initiatives that are likely to generate the greatest return in terms of their contribution to Strategic Economic Plans. This requirement has led some decision-makers to move away from the traditional 'welfare' approach to economic appraisal based on changes to travel times and costs to new approaches based on economic output and jobs. This new approach to appraisal helps to facilitate the prioritisation of investment between different training, housing and infrastructure initiatives.

#### Scheme delivery and benefits realisation

Successful scheme delivery requires the development of local transport plans, supported by political consensus on priorities for investment and a commitment to fund a sustained level of investment. Creating a degree of stability in the planning, delivery and operation of local bus infrastructure will encourage the development of stronger local planning and procurement functions, supported by efficient supply chains. Once constructed, schemes will only realise their true potential if the infrastructure is managed, network performance is regulated and outputs are monitored and evaluated.

The Guide identifies eight key recommendations to support the successful delivery of local bus infrastructure.



### **1** Introduction

#### 1.1 Context

The devolution of capital funding and responsibility for investment decision-making from Whitehall to local enterprise partnerships is transforming the way we think about investing for growth.

The revolutionary changes in capital funding and governance bring with them challenges and opportunities for local decisionmakers to identify, plan and deliver growth initiatives that will help to create new and more productive jobs.

Investing to increase the capacity and efficiency of local transport networks, can improve connectivity by reducing journey times and improving reliability. This improved connectivity helps people to connect with jobs and businesses to connect with suppliers and customers.

Whilst there is widespread recognition of the role that local buses play in getting people to work, essential services and retail and leisure activities, competition for scarce funding between training, housing and infrastructure projects means that decision-makers will need to prioritise those investments that deliver the greatest returns to local economies.

#### 1.2 This Guide

This Guide provides a roadmap to local bus infrastructure investment in the context of the new governance and funding arrangements, providing insight on:

- Devolution and the growth agenda
- Developing the right solutions
- Prioritisation of investment opportunities
- Scheme delivery and benefits realisation.

The Guide has been prepared by KPMG on behalf of Greener Journeys to help local decision-makers develop the right plans for investing in jobs and prosperity.

The Guide draws on a series of 60 interviews with stakeholders from local enterprise partnerships, local authorities, trade associations, interest groups and bus operators. A list of individuals and organisations that have participated in Greener Journeys' consultations is included in the appendix. It is important to note however that the analysis reported here reflects the range of views expressed during the consultations but it strictly does not reflect the views of any specific organisation or individual, and it has not been endorsed or approved by any of the respondents.

The Guide also includes a series of short case studies to illustrate the scale and scope of infrastructure measures available.



#### Case study

#### laking buses a priority in Manchester

Greater Manchester is investing in 25 miles of bus priority lanes to make Manchester a cleaner, safer and more attractive place to live and work in. The £122 million bus priority package is made up of the £68 million bus-way between Leigh, Salford and Manchester, and the £54 million Cross City Bus package.

The bus priority package will:

- Allow faster, more reliable and more punctual bus services on an improved network.
- Improve routes to key destinations such as employment, education, health, leisure and retail centres.

- Make travel simpler by helping passengers to get to their destination in a single bus journey.
- Open up access to the wider public transport network through better bus links.

There will also be benefits for cyclists, pedestrians, residents, businesses, and motorists along the routes. The Department for Transport's internal assessment of the economic case for the Cross City Bus package reported a return of £3.20 for each £1 invested<sup>1</sup>.

Transport for Greater Manchester note that: 'the city is growing and we need to ensure that the transport network continues to support this growth'.

1 Department for Transport (2011) Manchester Cross City Bus Package Assessment, http://webarchive.nationalarchives.gov.uk/20121025123854/http://assets.dft.gov.uk/publications/local authority-major-transport-schemes/manchester-cross-city-bus-assessment.pdf

# 2 Buses, devolution and the growth agenda

#### 2.1 Why buses matter

There are five billion journeys made by bus each year in Great Britain. That's more than three times the number of journeys undertaken by rail and four times the number of journeys on the London Underground. Buses take 2.5 million people to work every day, many of whom would not otherwise be able to participate in the labour market; a further one million commuters rely on the bus as an essential back-up. Overall, bus passengers are estimated to contribute £64 billion to economic output and deliver around £27 billion of retail and leisure spending directly into town and city centres<sup>2</sup>. Buses can be a cleaner, safer and healthier alternative to car travel. They can help to reduce accidents, carbon emissions and congestion in the local road network.

#### 2.2 Efficiency of transport networks

Traffic congestion, particularly in urban areas, presents challenges to the way we go about our everyday activities and imposes genuine costs on the UK economy. By improving the efficiency of transport networks we can reduce the costs associated with delays and poor travel time reliability and go some way towards improving economic productivity, the environment and quality of life.

Although road traffic levels have remained relatively stable during the 'Great Recession', traffic congestion in urban areas remains a stubborn and costly problem, reported by the Cabinet Office to cost the UK economy at least £11 billion per year<sup>3</sup>.

The solution to this problem lies at least in part in making better use of existing road capacity through targeted investment in local bus infrastructure and selective priority measures that encourage people to switch to more efficient mode of transport and improve the performance of the transport network as a whole.

In turn, improved network performance helps support economic growth by connecting workers to jobs, businesses to suppliers and customers to markets.

The overwhelming majority of respondents to the Greener Journeys' consultation on local bus infrastructure stated that efficient transport networks should be a specific objective for government and local decision-makers. Transport is seen as an important economic enabler with wider social and environmental benefits.



#### **Stakeholder consultation**

Should having a more efficient transport network be a specific objective for government and local decision-makers? Respondents identified the benefits arising from more efficient and better connected transport networks as:

- Agglomeration economies
- Better access to jobs
- Increased social cohesion
- Improved environmental sustainability
- Reduced congestion, improved and more reliable journey times

Respondents noted that the bus industry and the transport sector as a whole had done much in recent years to promote the role of transport networks in delivering wider economic, social and environmental benefits. There was however recognition that some decision-makers understood the economic importance of transport more than others and that those involved in promoting investment in transport infrastructure should articulate and provide evidence on the magnitude of these benefits.

Respondents noted that it was important to look at the efficiency of the transport network as a whole and that the performance of buses should be considered in the context of wider transport policy. It was also noted that there is a need to re-invigorate Local Transport Plans to work alongside the Strategic Economic Plans developed by the local enterprise partnerships. This could work in a similar way to how the London Mayor's Transport Strategy supports the Economic Development Strategy for London.

There was almost universal support for government and local decision-makers to set objectives to deliver efficient transport networks to support the range of benefits listed above. Bus operators in particular were supportive of national standards. There were however others who had concerns on whether it was practical to set national standards in some areas (such as journey time and reliability) as conditions vary from place to place. They felt that objectives were best dealt with at a local level.

Where objectives can be agreed and targets set, there was strong support for monitoring progress and for greater scrutiny of the impacts of new schemes after they have opened. The lack of funding to carry out monitoring and evaluation was however seen as a constraint, though it was noted that robust monitoring and evaluation was an important part of the recently announced Growth Deals.

#### Key recommendations

- Objectives for local transport networks should be determined locally, aligned to Strategic Economic Plans and guided by national transport policy.
- 2. Efficient transport networks are central to improving connectivity and facilitating economic growth.

#### 2.3 Value for money

The capital investment required to fund bus priority measures is typically low compared to other initiatives to mitigate or manage urban traffic congestion, although the costs vary in relation to the nature, scale and location of the scheme. For example, costs can increase for whole corridor-based treatments or where schemes are implemented alongside complementary traffic calming measures.

The nature of priority schemes means that improvements to network performance can often be delivered quickly with little or no disruption during construction. So long as infrastructure schemes are actively managed, network performance is regulated and outputs are monitored and evaluated, the benefits of local bus infrastructure can be realised quickly and sustained in the long run.

The Department for Transport reviewed evidence from a series of case studies showing the impact of corridor-based priority measures<sup>4</sup>. This evidence showed that impacts depend on the nature of the built environment and the type and scale of priority measures implemented, but indicated typically the interventions resulted in:

- reductions in bus journey times of between 10 and 50%
- reductions in bus delay or excess waiting time of up to 65%

So long as bus priority measures are well designed and their impact on other road users reduced, bus priority measures can lead to an improvement in the efficiency of the transport network as a whole. Economic analysis undertaken by KPMG on behalf of Greener Journeys estimated that targeted investment in selective priority measures will typically generate £3.32 of economic benefit for each £1 of cost incurred, with further benefits expected in related policy areas such as social welfare and health<sup>5</sup>. Further examples of Benefit-Cost Ratios (BCRs) for local bus infrastructure schemes are presented in Table 1. Although BCRs vary depending on the nature of the scheme being appraised, they typically show high value for money.

Table 1 Examples of	Table 1 Examples of BCRs estimated for bus projects		
Scheme	Decription	Cost (£m)	BCR
Greater Bristol Bus Network	10 bus corridors comprising of bus priority measures, improved stops with real information, new buses	69.0	4.0
Manchester Cross City Bus	Extensive bus priority package	54.5	3.2
Leicester BBA application	Redevelopment of Haymarket bus station and Statutory Quality bus Partnership scheme	13.2	4.8
Merseyside BBA application	Package of bus schemes including: development of transport hubs, bus infrastructure, provision of real life and mobile information	5.7	5.2
Centro's Transforming Bus Travel infrastructure scheme	Bus shelter replacement and branding	1.7	4.0
Somerset BBA application	Bus stop replacement Bus priority at junctions	0.50 0.25	2.2 1.6

Source: DfT Major scheme business cases and BBA applications

#### 2.4 Devolution

In October 2012 Lord Heseltine published a wide ranging review of the UK's economic performance, setting out 89 recommendations for how the UK should seek to create wealth. At the heart of these recommendations was 'a new partnership for growth' between local and central government, including greater funding for local regeneration, the empowerment of local enterprise partnerships, support for the creation of Combined Authorities to address wider regional issues and a package of regulatory changes to reduce burdens on businesses.

As part of the devolution agenda, funding has been radically transformed with the aim of empowering local decision-makers to drive local economic objectives. The recent devolution of funding has taken the form of 'deals' that either grant further funding powers to Combined Authorities or directly grant funding to local bodies through a (partially) competitive bidding process. Since 2011, two types of deal have been agreed: City Deals and Growth Deals. City Deals are focused on granting new funding powers to the cities to take more control over their own revenues and Growth Deals allocate Local Growth funds to local enterprise partnerships.



**Stakeholder consultation** How can we make sure that local decisionmakers have the information and tools they need to deliver the benefits of bus-based initiatives?

There was strong support amongst our respondents for greater co-operation and partnership working between local enterprise partnerships, local authorities and bus operators in the planning, development and delivery of efficient transport networks. It was felt to be important for all those involved to innovate and effectively manage local bus infrastructure schemes. Bus operators acknowledged a need to get more involved with local enterprise partnerships, including encouraging senior colleagues to seek to join local enterprise partnership boards, and bus user groups were encouraged to be more vocal in their support of local public transport.

Respondents identified that variation in the resources available to plan and develop transport networks was a potential problem, with greater capacity and stronger capabilities in the metropolitan and large urban areas. Other smaller settlements may need to rely more heavily on guidance from the Department for Transport when developing transport plans, including case study evidence based on how schemes work in practice rather than how models work in prospect. This should include evidence on social and environmental impacts as well as economic impacts.

The evidence needs to be linked to decision-makers wider objectives on connectivity and economic performance, with best practice guidelines showing the scale of what is possible ranging from small scale schemes aimed at the removal of localised pinch-points to more ambitious schemes involving land take, 'permanent' rights of way and greater use of technology to dynamically assign priorities.

#### 2.5 Funding for local bus infrastructure

The importance of high quality bus networks to economic growth is increasingly being recognised and was a key part of recent City Deals in places like Sheffield and Cambridge. City Deal funding in Sheffield is being used to deliver bus priority measures including Park & Ride sites and Bus Rapid Transit, which are expected to play a key role in improving access to employment and services. The economic impacts of bus investment are also becoming clear in smaller cities such as Cambridge, where bus priority measures on key corridors and orbital routes are considered vital for the delivery of 33,000 new homes, 45,000 jobs and 400 apprenticeships. Unlike the rail and strategic road network, there is no national plan, policy statement or vision for investment in infrastructure to improve bus services and no formal statement of what the government wants the bus sector to deliver in return for public funds and resources. Respondents noted that those responsible for developing the market need to take the initiative to put bus infrastructure at the heart of local economic development and explain why buses matter for local transport, economic development and a range of other policy factors.



#### Stakeholder consultation

What are the risks to the long term stability of bus markets arising from the devolution of transport capital funding and what barriers stand in the way of realising the benefits of bus-based initiatives?

Whilst transport improvements were seen by many of our respondents to be an important enabler of economic growth, some had concerns that local bus infrastructure schemes may not be seen as a priority amongst new decision-makers due to:

- A lack of understanding of the importance of bus networks and the role they play in promoting economic growth
- A lack of awareness of the range of alternative forms of infrastructure and facilities to improve bus service quality, and a lack of scale of ambition over what can be achieved
- A lack of resources available for capital investment and the effective management and operation of infrastructure assets
- A perceived lack of stability of bus routes and services and a lack of confidence from politicians that bus operators will deliver on their side of the 'deal'
- A lack of involvement of passenger groups in advocating busbased solutions.

The fact that many decision-makers do not personally travel by bus was repeatedly noted throughout the consultation, with several respondents from all types of organisations noting a relatively low appetite amongst some decision-makers to promote local bus infrastructure, in part due to the adverse impact on other road users from badly conceived and poorly managed schemes.



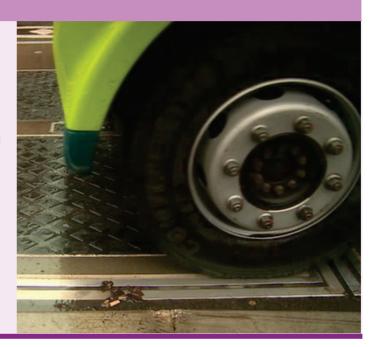
#### Case study

#### Milton Keynes Electric Buses

The Electric Bus Project at Milton Keynes, awarded with the Innovation Gold Prize at the 2014 UK Bus Awards, consists of the replacement of 7 diesel buses by 8 electric buses and the introduction of wireless charging infrastructure. These buses use wireless charging through charging plates in the road and can run nonstop throughout the day. Only two charging points along the route are necessary for the buses to operate. This is the first electric wireless charging project in the UK employing ground-breaking technology.

This project was launched in January 2014 and will run for five years while being closely monitored to assess the technical and commercial viability of the technology. It is being delivered in partnership with several organisations including Milton Keynes council, Arriva, The University of Cambridge, eFleet Integrated Service Ltd (eFIS), Mitsui & Co and Arup amongst others.

The benefits of this project are reduced pollution and noise resulting in significant journey quality improvements for bus passengers and other road users.





### **3 Developing the right solutions**

#### 3.1 Alternative measures

A range of local bus infrastructure measures are available to policy makers seeking to deliver economic, social and environmental benefits through improving network performance and enhancing the traveller experience. The range of measures includes:

- Selective priority
- Transport hubs/ interchanges
- Digital busways

Improving bus service quality by reducing journey times and improving service reliability is a key factor in encouraging modal shift from cars to public transport. A recent report by the Institute for Transport Studies at the University of Leeds estimated that between 18 and 23% of car users could be encouraged to switch to buses if buses were quicker and more reliable<sup>6</sup>. So long as bus priority measures are well designed and correctly implemented in the right locations, they can improve the efficiency of transport networks as a whole, generating improvements in reliability, reductions in delays and improvements in journey times.

Providing attractive gateways to bus networks is an important part of improving the passenger experience and the overall quality of the journey. The creation of 'transport hubs' not only improves the efficiency of the network by integrating routes, providing quicker connections and reducing end-to-end journey times, they also provide an opportunity for retail and commercial development. As we discuss in the next section, transport connectivity is an important driver of economic performance, connecting people with jobs and businesses with suppliers and customers. The creation of high quality transport interchanges can be a catalyst for redevelopment and growth.

The use of telematics to create 'digital busways' can improve the performance of transport networks as well as the passenger experience. Automatic Vehicle Location and Selective Vehicle Detection systems can improve traffic management, increase capacity and smooth the progression of vehicles through the networks. This, coupled with better travel information, smarter ticketing and improved safety and security can help operators manage customer touch-points. The use of telematics to create 'digital busways' can improve the performance of transport networks as well as the passenger experience. Automatic Vehicle Location and Selective Vehicle Detection systems can improve traffic management, increase capacity and smooth the progression of vehicles through the networks. This, coupled with better travel information, smarter ticketing and improved safety and security can help operators manage customer touch-points.



**Stakeholder consultation** What factors influence the successful delivery and operation of bus priority measures?

Respondents to the Greener Journeys' consultation on the successful delivery of bus priority measures noted that local authorities should:

- Focus on moving people rather than vehicles
- Improve network reliability over average speeds
- Tailor solutions to fit local conditions
- Identify and develop schemes in partnership with operators and passenger groups
- Promote the associated economic, social and environmental benefits

Priority measures should improve network capacity, encourage modal transfer and increase the reliability of the network for everyone. Schemes should be tailored to fit local conditions and not simply be implemented where they are relatively easy to develop. Authorities need to make use of the full range of instruments and technologies available, working with operators and representatives of other transport modes to provide network wide improvements. Scheme promoters need to identify and articulate the benefits of the investment, presenting the expected outcomes in terms of getting people to jobs, essential services, retail and leisure activities, as well as reducing traffic congestion.





#### **Case studies**

#### Ashton Town Centre Interchange – Greater Manchester

#### Ashton Town Centre Interchange – Greater Manchester

Greater Manchester has secured £30 million as part of its Growth Deal to develop a new multi-modal interchange facility at Ashton Town Centre, linking bus and Metrolink services. The facility will replace the current 'five island' bus passenger waiting shelters with a single high quality building. The objectives of the project are to support the regeneration of the town centre, improve local connectivity, develop a new modern gateway to the town centre that represents the town's identity and improve pedestrian safety. In addition, the construction of the interchange will free up space for development, further supporting regeneration in this area.

#### Providing additional facilities at interchanges – Transport for London

Transport for London has partnered with retailers to provide collection facilities at underground stations for customers wishing to buy goods online and pick them up on their way home. The retailers include supermarkets as well as online retailers. More than 10,000 orders were collected in the first 10 months of operation and the service is currently being expanded to other stations. Consideration is being given to how collection facilities can be developed at bus stations.

#### Types of priority measure

**Bus lanes** are the most commonly used priority measure. They improve bus journey times and service reliability and are relatively quick to implement, however, they can reduce highway capacity for other road users. **Red routes** perform a similar function prohibiting vehicles from stopping on busy routes.

**Selective priority** at junctions either by permitting buses to make turning movements prohibited to other traffic, by giving preference to flows containing a high proportion of buses, or by adjusting signal controls when a bus is detected in the traffic stream. Like bus lanes, **junction priority** measures improve bus journey times and service reliability but can reduce highway capacity for other road users. They tend to be most effective in areas with lots of signalised junctions.

**Bus gates** and **bus only streets** prevent cars from accessing specific areas particularly in town centres and pedestrian zones.

Where demand is high, **guided busway** and **quality bus corridors** provide dedicated rights of way, junction priority and improved passenger waiting facilities. These can work alongside **Park & Ride** facilities.





#### **Key recommendations**

- 3. Partnership working between local enterprise partnerships, local authorities and bus operators is required to identify where and which infrastructure measures will deliver the most benefit.
- 4. Continuous technological innovation and sharing of best practice measures will help develop the right solutions to suit local conditions.





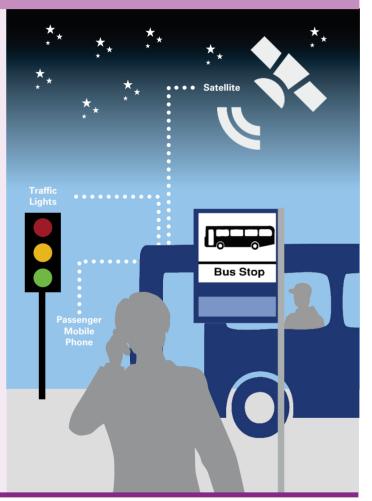
#### **Case study**

#### Selective Vehicle Detection (SVD) and Automatic Vehicle Location (AVL)

Selective Vehicle Detection systems are usually based on tag and beacon technology which automatically triggers traffic lights when buses come within range. The growth and development of vehicle GPS systems means that these systems are increasingly being integrated with Automatic Vehicle Location systems to provide a more advanced approach. Linking SVD and AVL systems can significantly improve the management of the transport network by providing real time data on the position of buses. The system can provide extensive information about how the bus network is performing and where delays are most severe helping to improve the management of the bus network through providing active guidance to bus drivers for example. In London the system is also used to set and measure a variety of KPIs as part of bus franchise contracts. The system can also be linked to vehicle announcement / display systems to enable blind or deaf passengers to know where they are on their journey.

The availability of smart phones means that these systems can also now be integrated with passenger journey planning tools to provide passengers with real time information about their journeys such as how long the next bus is likely to be. In addition to providing benefits to passengers, the system has removed the need for monitoring surveys and on-street controllers reducing TfL's operating costs. Further innovations are expected in future with TfL trailing the use of real time route maps and Wi-Fi potentially leading to a new generation of 'Smart' system linking the internet, transport network and passengers' phones into one system.

Source: TFL Finance and Policy Committee Paper, Item 13: iBus Contract Extension 14th October 2014





### **4 Prioritising growth initiatives**

#### 4.1 Introduction

Competition for scarce capital funding means that local decisionmakers will need to develop robust and consistent prioritisation techniques to direct investment to those initiatives that are likely to generate the greatest return in terms of their contribution to the Strategic Economic Plan and local economic growth. Consideration of the first wave of Growth Deals suggests that:

- Projects need to be aligned to economic, spatial and local transport plans
- Clear focus on the wider economic benefits of the scheme is paramount
- Partnership working between local authorities should produce efficiencies
- Examples set by Greater Manchester and Leeds City Region are particularly strong

In the next section, we describe some of the appraisal methodologies that have been used to identify priorities for Growth Deals.

#### 4.2 New approach to prioritisation

As part of the City Deals, local enterprise partnerships and Combined Authorities were encouraged to think strategically across transport, land-use, skills, flood prevention and other areas to work out which schemes would have the greatest impact on local economic performance. This led to a shift away from the welfare based approach to economic appraisal based on changes to travel times and costs to new approaches based on economic output and jobs. These new approaches are reflected in the Strategic Economic Plans developed to support Growth Deals.

Whilst most local enterprise partnerships simply need to deliver the projects agreed through the Growth Deals, some have the powers to redirect resources, balancing the need to drive regional economic growth against the responsibility to deliver a fair allocation of projects across local authority boundaries. This has led to an approach based on maximising growth subject to satisfying what have been referred to as 'programme minima' (see section 4.4).

#### 4.3 Estimating economic impacts

Investment in transport networks can influence the functioning of labour markets, business productivity and competitiveness. These impacts interact over time and can lead to improvements in economic output and the spatial distribution of economic activity. They can also impact on the environment, quality of life and the overall attractiveness of towns and cities.

Improvements in transport connectivity driven by increased capacity, reduced travel times and costs together with improved network reliability generate improvements in productivity through what are known as agglomeration economies.

Reduced transport costs mean that businesses can:

- connect with potential suppliers, enabling them to access higher-quality and/or lower-cost inputs
- connect with potential customers, enabling them to supply markets further afield
- connect with a wider pool of talent in the labour market, allowing skills to be better matched to employment opportunities

#### Reduced transport costs mean that individuals can:

- participate in the labour market, going to work or staying in work longer
- access a wider range of jobs, increasing the chances that they can find a position that provides a better match for their skills
- connect with leisure and retail opportunities, allowing them to access a wider range of products or reach similar products at cheaper prices





Improvements in connectivity can drive increases in productivity and employment, resulting in increased economic output.



The estimation of the impact of capital investment on the value of economic output and number of jobs is difficult and various methodologies have been applied as part of the development of Growth Deals. Whilst each of the methods have advantages and disadvantages<sup>7</sup>, it is important to base decisions on reliable evidence and apply a consistent approach across schemes to facilitate the identification of priorities.

#### 4.4 Programme minima

An important issue in the preparation of the Growth Deals was the way in which funding was prioritised across local authority areas to provide an acceptable balance between achieving economic growth whilst at the same time responding to specific local priorities.

As part of the first wave of Growth Deals, the tension between efficiency and equity was managed in some areas through the specification of 'programme minima' which identified minimum targets or standards for specific issues across geographical areas. For example, decision-makers in Greater Manchester introduced environmental and social minima, while in Leeds, Sheffield and Glasgow City Regions, decision-makers included minima based on the scale of contributions going into the fund.

Subject to the programme minima being met, prioritisation is then solely based on Gross Value Added per £ of net cost. If the programme minima are not met, the objective is to find a way to deliver them at minimum cost in terms of Gross Value Added forgone. The benefits of adopting this prioritisation approach are well understood by HM Treasury, which notes that certain programme minima such as improving employment accessibility can also result in lower unemployment benefits or reduced income support. The approach also helps to de-politicise the prioritisation process by providing a fair and agreed decision making framework in advance.

#### Key recommendations

- 5. Developing reliable evidence on the likely contribution of specific infrastructure measures to growth and jobs is central to good decision-making.
- Programme minima are likely to be important in the prioritisation of local bus infrastructure schemes, especially where access to jobs, access to essential services and environmental improvements are specific targets.



### **5 Scheme delivery**

#### 5.1 Factors influencing success

In 2010 KPMG commissioned a study on the factors influencing the successful delivery of urban transport projects, based on case study evidence from rail, bus and highway schemes<sup>8</sup>. The work identified six factors that contributed to success, and we consider the relevance of these factors to the delivery of local bus infrastructure in Table 2 below.

Taken together, the analysis points to the development of strategic local transport plans, supported by political consensus on priorities for investment over the short, medium and longer term, and a commitment to fund the investment. Creating a degree of stability in the planning, delivery and operation of local bus infrastructure will encourage the development of stronger local planning and procurement functions, supported by efficient supply chains.

Table 2: Factors influencing effective delivery of urban transport schemes					
Factor		Relevance to local bus infrastructure schemes			
1	Project environment and planning turbulence: found to be an important issue for delivery	Long project lead times can mean that political and policy changes could create instability in planning and delivery of projects. This highlights the importance of having a longer term transport strategy and a clear set of priorities			
2	Political control and sponsorship: clear objectives and leadership during development and operation	This has been illustrated in the recent waves of City Deals. Areas with strong civic leadership and clear objectives and priorities have developed stronger cases for funding			
3	Role of national government: consistent, appropriate and strategic guidance from central government	The role of the Department for Transport in providing guidance on the development of local bus infrastructure schemes under devolved governance arrangements is not clear			
4	Effectiveness of planning: whether there is good transport and infrastructure planning	Objectives for local bus services should be determined locally, aligned to Strategic Economic Plans and potentially guided by national transport policy. Greater integration between Strategic Economic Plans and (revised) Local Transport Plans is required			
5	Effectiveness of procurement and financing: including performance contracts that incentivise desired outcomes	Strategic transport plans supported by committed funding over the medium to longer term will encourage development of strong procurement functions and stable, 'right-sized' supply chains			
6	Organising for operations: need for operator involvement in design and implementation phases	Continues close partnership working between local authorities and bus operators is required to identify, design and manage local bus infrastructure schemes			



#### Case study

#### clipse BRT in Fareham

The Eclipse BRT scheme connecting Gosport and Fareham completed in 2012 provides an example of successful collaborative working between a local authority and bus operators. The £20 million dedicated bus-way scheme was completed within budget and quickly achieved policy objectives, including 64% passenger growth in the first year. In recognition of its success, the partnership was jointly awarded the 'Transport Team Partnership of the Year' award at the 2013 National Transport Awards.



#### 5.2 Benefits realisation

Achieving the best Value for Money from investment in local bus infrastructure requires a commitment by all of those involved to manage, monitor and evaluate the performance of the infrastructure and network once the scheme is operational. This involves:

- Infrastructure asset management
- Network performance management
- Monitoring and evaluation

The benefits realisation plan for the Sheffield Rotherham Bus Rapid Transit scheme identifies specific benefits, assigns responsibility for delivering those benefits to the PTE, local authorities and bus operators, and specifies how the benefits will be monitored and evaluated<sup>9</sup>.

#### Infrastructure asset management

Infrastructure asset management is a key part of benefits realisation. It involves monitoring the performance of the asset, maintenance and repair, and modifying, replacing and decommissioning where assets no longer meet policy objectives. The benefits of infrastructure asset management can include delivering the same level of service for lower cost or delivering services in a different way to achieve the same or better outcomes<sup>10</sup>.

#### Network performance management

Responsibility for delivering punctual and reliable bus services is a shared responsibility between bus operators and local authorities, alongside the Traffic Commissioners who have a specific objective to promote and improve registered bus service reliability and punctuality. The joint accountability is reflected in statutory law and whilst in the past Traffic Commissioners only had powers to sanction bus operators, they can now take action against local authorities.

Bus Punctuality Partnerships place a commitment on bus operators and the local authority to work together on issues

affecting bus punctuality, and to identify any problems and solutions through the production of a punctuality partnership plan. A punctuality partnership provides a framework for addressing problems and identifies where improvements can be made. An example of a recent punctuality partnership is provided in Suffolk.

#### Monitoring and evaluation

Growth Deals require close monitoring and evaluation to make sure that they are delivering the expected outputs and outcomes. Monitoring and evaluation strategies for specific transport programmes need to be designed early in the infrastructure delivery process allowing for rapid feedback and tailored benefits realisation strategies.



Stakeholder consultation

How should local authorities monitor progress against any objectives and specific targets?

Respondents to our consultation confirmed strong support for monitoring and evaluation of the impacts of new local bus infrastructure schemes. Not only was this seen as important to 'benefits realisation' but it was also seen as important to the development of best practice. Firm plans for monitoring and evaluation should be integrated within the design, development and Implementation of schemes, with revenue funding set aside to support this important activity.

#### Key recommendations

- 7. The development of local transport plans, supported by political consensus on priorities for investment over the short, medium and longer term, together with a commitment to fund the investment is required to create successful places.
- 8. Scheme delivery is only the first stage to realising the benefits on investment. It must be followed by firm plans for asset management, network regulation and network monitoring.



#### **Case study**

#### Bus Punctuality Improvement Partnership in Suffolk

Nine bus operators and Suffolk County Council have signed up to a punctuality charter promising to address any issues affecting reliability of bus services. The agreement was signed in 2014 and includes regular reviews of punctuality with the identification of causes for late services. All companies will send twice yearly reports to the Traffic Commissioner who is responsible for monitoring progress.

### **6** Conclusions

The Guide provides a roadmap to those involved in the delivery of local bus infrastructure in the context of the new governance and funding arrangements, providing insight on:

- Devolution and the growth agenda
- Developing the right solutions
- Prioritisation of investment opportunities
- Scheme delivery and benefits realisation

It concludes that scheme promoters need to:

- Have clear, locally determined plans for economic growth
- Work in partnership with other stakeholders to develop the right solutions
- Establish robust and consistent prioritisation techniques
- Commit to investing in sustainable growth initiatives over the longer term

There is increasing recognition that investing in transport networks can improve the functioning of labour markets, business productivity and competitiveness, leading to increases in economic output and jobs. Investment in transport infrastructure can also improve the environment, quality of life and the overall attractiveness of towns and cities.

Improvements in transport connectivity can be delivered through a range of bus infrastructure solutions that improve the journey experience as well as performance of the transport network as a whole. The range of solutions target network efficiency as well as improving the passenger experience. They include: selective priority measures, digital busways and transport hubs.

Successful scheme delivery requires the development of local transport plans, supported by political consensus on priorities for investment and a commitment to fund a sustained level of investment. Once constructed, scheme will only realise their true potential if the infrastructure is managed, network performance is regulated and outputs are monitored.

# Appendix



### **Respondents to Greener Journeys' consultations**

Greener Journeys is very grateful to the individuals and organisations who participated in the consultation on local bus infrastructure. It is important to note that the analysis reported here is qualitative rather than quantitative in nature. It reflects the range of views expressed but strictly does not reflect the views of any specific individual or organisation. The analysis and reporting has not been endorsed or approved by any of the respondents.

Stakeholder	Organisation	Stakeholder	Organ
Andrew Cleaves	Greater Birmingham and Solihull LEP	William Hardwick	HM Tr
Hilary Chipping	South East Midlands LEP	Steven Salmon	Confe
Richard Harrington	Bucks Thames Valley LEP	Ben Colson	ALBU
Laura Shoaf	Black Country LEP	Charles Loft	Local
Tony Ciaburro	Northamptonshire County Council	Jonathan Bray	PTEG
Corporate	Gateshead Council	Pedro Abrantes	PTEG
Mark Allen	Wokingham Borough Council	David Blainey	Assoc
Bruce Thompson	Devon County Council	Stephen Joseph	Campa
Corporate	North Somerset Council	Ulrika Diallo	Federa
Tracy Jessop	Norfolk County Council	David Webb	Federa
Sue Flack	Nottingham City Council	Tom Nolan	British
Neil Byers	South Yorkshire PTE	Jasbir Basi	Confe
Ben Still	South Yorkshire PTE	Martin Stott	Royal
John Henkel	West Yorkshire Combined Authority	David Sidebottom	Passe
Bernard Garner	NEXUS	Stephen Glaister	RAC F
Geoff Inskip	Centro	Jillian Anable	Aberd
Jon Lamonte	Transport for Greater Manchester	Steve Ward	Univer
Dave Newton	Transport for Greater Manchester	Paul Chase	Atkins
Howard Hartley	Transport for Greater Manchester	Austin Birks	uTrack
David Brown	Merseytravel	Giles Fearnley	First G
Leon Daniels	Transport for London	Mark Yexley	Arriva
Jennifer Melbourne	Transport for London	Martin Griffiths	Stage
Shashi Verma	Transport for London	Robert Montgomery	Stage
Mike Weston	Transport for London	Les Warneford	Stage
Isabel Dedring	Greater London Authority	Martin Dean	Go-Ah
Bob Donaldson	Local Government Technical Advisory Group	David Brown	Go-Ah
Graham Pendlebury	Department for Transport	Anthony Vigor	Nation
Anthony Ferguson	Department for Transport	Martin Hancock	Natior
Julian Glover	Department for Transport	lan Morgan	Trent I
Alan Whittaker	Department for Work and Pensions	Patrick Warner	Bright

Stakeholder	Organisation
William Hardwick	HM Treasury
Steven Salmon	Confederation of Passenger Transport
Ben Colson	ALBUM
Charles Loft	Local Government Association
Jonathan Bray	PTEG
Pedro Abrantes	PTEG
David Blainey	Association of Transport Coordinating Officers
Stephen Joseph	Campaign for Better Transport
Ulrika Diallo	Federation of Small Businesses
David Webb	Federation of Small Businesses
Tom Nolan	British Chambers of Commerce
Jasbir Basi	Confederation of British Industry
Martin Stott	Royal Town Planning Institute
David Sidebottom	Passenger Focus
Stephen Glaister	RAC Foundation
Jillian Anable	Aberdeen University
Steve Ward	University of the West of England
Paul Chase	Atkins
Austin Birks	uTrack (for CILT)
Giles Fearnley	First Group
Mark Yexley	Arriva
Martin Griffiths	Stagecoach
Robert Montgomery	Stagecoach
Les Warneford	Stagecoach
Martin Dean	Go-Ahead
David Brown	Go-Ahead
Anthony Vigor	National Express
Martin Hancock	National Express
lan Morgan	Trent Barton
Patrick Warner	Brighton and Hove Bus Company

### **About Greener Journeys**

Greener Journeys is a campaign dedicated to encouraging people to make more sustainable travel choices. It aims to increase the value of bus and coach travel in stimulating economic growth, reducing congestion and CO2 emissions and enabling access to jobs, retail, leisure and vital services. Launched in 2009 Greener Journeys is a coalition of Britain's leading bus companies and other supporters including Transport for London, RAC Foundation, Passenger Focus, Confederation of Passenger Transport (CPT), Passenger Transport Executive Group PTEG, and Campaign for Better Transport. Its primary funders are bus companies Arriva, FirstGroup, Go-Ahead and Stagecoach.





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