

## **A CASE STUDY OF BUS AND COACH DEREGULATION IN A RURAL REGION : LINCOLNSHIRE AND SOUTH HUMBERSIDE**

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### **1. INTRODUCTION**

This paper aims to provide a case study of the effects of deregulation in one part of Britain, complementing earlier work by the author and others on various aspects of express coach and local bus deregulation in Britain as a whole, under the Transport Acts of 1980 and 1985 respectively (White 1997a, 1997b). The area offers a mixture of rural and urban territory, and many interesting examples of deregulation effects, together with a substantial degree of competition following the deregulation of local bus services in 1986.

The term 'rural' is subject to many meanings. For example, the National Travel Survey (NTS) classifies all settlements of below 3,000 population as 'rural', a category covering about 11% of the population of Great Britain. The 1989/91 NTS indicates that such rural residents travel about 50% more kilometres per year (by all modes) than those living in urban areas, the differences being particularly marked for children, who travelled over 70% further than their urban counterparts. Taking all trips over 1.6 km, the average length of a journey in rural areas was 17.6 km, about 40% higher than the urban figure. Between 1985/86 and 1989/91, the average total distance travelled by rural residents grew by 30%, compared with only 21% for urban residents (Department of Transport 1993).

As might be expected, very much higher car ownership levels are found in such rural areas, with 37% of households having two or more cars in 1989/91, and only 19% no car (compared with 21% and 35% respectively for urban areas). An even higher proportion of total person kilometres - 87% - than the national average, was performed by car. However, due to the high absolute distance travelled by all modes, the average total distance per person travelled by public transport for rural residents was not so markedly lower as one might expect.

In 1989/91 the average rural resident travelled 194 miles per year by local bus (urban 285), 331 miles by rail (urban 429), and 186 miles by 'other public' (urban 207). However, rural residents also made some 355 miles by 'other private' (urban 218) (DoT 1993, table 10.3). Since 'works' and, more importantly, school contract buses, come under this last category, the overall effect is to produce a similar overall distance by all these four modes combined in rural and urban areas (1046 and 1139 miles respectively). However, the public transport use is geared much more to lower-frequency, longer trips, and to school and college travel.

Somewhat broader definitions have been adopted by other bodies, which are often more appropriate when defining patterns of public transport services. For example, the definition adopted for the 'Rural Transport Development Fund' (RTDF) under the Transport Act 1985 by the Rural Development Commission for funding innovations is that of areas containing population centres of less than 10,000. Thus, many small towns and some lower-density parts of metropolitan areas are included. This is

a realistic reflection of current network structures, in which village-to-town and town-to-town movements are often served by the same routes. Services within small towns are often very limited, and facilities may be provided largely by longer routes picking up local traffic. Even in larger towns, rural and urban services are often inter-mixed, being provided by the same operator and forming part of the same cost centre.

For purposes of the transitional grant to rural services paid at a flat rate per bus-mile run the under the 1985 Act, a wider definition based on 25,000 population was used, further acknowledging these relationships.

The great majority of scheduled public transport in 'rural' areas as defined above continues to be provided by so-called 'conventional' bus services, using full-sized vehicles. In addition, similar vehicles employed on school contract services play a major role. The 'unconventional' modes such as community minibuses, car lift-giving or postbuses still account for a very small share of the total rural public transport market. Also important within rural regions are some limited-stop and cross-country bus and coach services, linking smaller towns with large cities, and those rail services which did not close during the 'Beeching' era of the 1960s and early 1970s. Often, traffic has been retained or increased, sometimes assisted by new stations and rolling stock.

For Lincolnshire and South Humberside, as in the case of Britain as a whole, detailed statistics have become hard to obtain since deregulation, although in the absence of local data, it may be reasonable to assume that trends followed the pattern in similar regions.

Express coach deregulation in October 1980 under the Transport Act of that year caused a rapid increase in coach use, reversing a decline from the mid-1970's. Although comprehensive data for all the operators has not been available since 1984, trends for the dominant operator, National Express, may be taken as fairly typical of the long-distance scheduled sector as a whole. Passengers then rose by almost 50% to a peak of 1985, with a substantial fall back to 1980 levels by 1993 (White 1997b).

In the case of local bus deregulation, published trends for the 'shire counties' in England are the closest available proxy for rural areas. Here, total bus-kilometres rose very rapidly, by 24% between 1985/86 (the last full year before deregulation) and 1988/89 and with further growth to 1995/96, that year's figure being 30% above 1985/6. However, patronage fell by 20%, leading to a marked fall in average loadings [source : Bus & Coach Statistics Great Britain 1995/6, tables 1.1 and 2.1]. The increase in bus-km run was associated with intensive competition, and also the expansion in minibus operation. However, the effects in instability in the system appear to have resulted in an overall passenger decline very much in line with what would have been expected, had no increase in service level occurred.

Analysis of NTS data for 1985/86 and 1992-94 from unpublished tabulations (White 1997a) indicates that local (stage) bus journeys per person in 'rural' areas remained unchanged at 36 per year, while mileage travelled rose by 19%, i.e. a much better picture than from the 'shires' data derived from operator returns. These somewhat surprising results may be affected by the sample size in the NTS, and the locations of clusters sampled in rural areas. Further examination of special tabulations reveals that about half the net growth in distance travelled on rural bus services was probably the result of transfer from school contract services (i.e. from the 'other private' category), possibly as a result of local education authorities placing children on such services through purchasing season tickets on their behalf, rather than contracting-in separate vehicles purely for that purpose.



## 2. THE AREA COVERED

Located on the east coast of England, this region is predominantly agricultural, with only one urban area exceeding 100,000 population. Its location is shown in map 1 [due to limitations on total length of this paper for inclusion in proceedings, maps mentioned in the text are not included, but will be displayed in the workshop presentation. Further copies are available direct from the author on request]. The area covered in this paper corresponds to the historic county of Lincolnshire, i.e. the county established in 1974, plus the south Humberside area. Numerous services cross this boundary, and the River Humber to the north forms a much more effective boundary, in most respects. Hence reference is made to the policies adopted both by Lincolnshire and Humberside County Councils.

In April 1996 Humberside was abolished, new unitary authorities being formed - 'North Lincolnshire' covers Scunthorpe/Brigg area, and 'North East Lincolnshire' that centered on Grimsby and Cleethorpes. Somewhat confusingly, these are not part of the administrative county of Lincolnshire, which retains a two-tier structure.

Total population of the administrative county of Lincolnshire in the 1991 census was 580,100 and in the four (then) districts of South Humberside a further 288,262, giving a total for the area covered in this paper of about 870,000.

Major industrial centres are found in South Humberside, notably the Grimsby/Cleethorpes/Immingham urban area (about 145,000), and the steel town of Scunthorpe (60,000). Within Lincolnshire itself, the county town of Lincoln has a population of about 74,000. Only two other towns - Boston (about 27,000) and Grantham (28,000) - exceed 25,000. Although sited in Nottinghamshire, Newark (25,000) is also significant as a market town serving the area, and forms part of a territory of the Lincolnshire Road Car Company.

The Lincolnshire administrative county population rose marginally between 1981 and 1991 (by 0.57%) while that in South Humberside fell by 1.5%. The average population density of Lincolnshire is 1.0 persons per hectare, compared to an average for England and Wales of 3.2, the lowest density of 0.7 being found in the East and West Lindsey districts.

## 3. THE PUBLIC TRANSPORT NETWORK PRIOR TO DEREGULATION

The area suffered extensive reductions in its public transport network during the 1960s and 1970s, as car ownership rose. Rail services were cut back, culminating in major closures in 1970 to leave the network as shown in map 2. This continues to provide the main East-West links from adjoining industrial areas (passenger services sharing track with heavy freight flows), and to London. However, closure of the Grimsby - Boston - Peterborough line in 1970 made north-south communication much more difficult, no fast inter-urban replacement bus services being provided. Skegness and Boston retained a southward link via Boston and Grantham, but this was very indirect compared with the previous routing.

Bus services were operated mainly by the Lincolnshire Road Car Company (now known simply as 'Road Car'), a subsidiary of the National Bus Company (privatised in 1988, as a subsidiary of the adjoining Yorkshire Traction company). This provided urban, rural and inter-urban links over most of the Lincolnshire and South Humberside area. Municipal bus operators provided local services in Lincoln, Grimsby and Cleethorpes (the latter a jointly-owned committee of the two authorities). However, small independent operators continued to play a major role, notably in operation of contract services, but also in running some of the regular public local bus services - a pattern dating from the 1920s and 1930s (in contrast to some other parts of Britain where takeovers by the regional bus



companies absorbed almost all independent services). A condensed history of bus and rail developments to 1974 is provided elsewhere by the author (White 1989).

As early as the 1960s, a trend had begun of low density rural routes being returned from the Road Car to independent operation. This process accelerated during the 1970s, as the county council found the expenditure required to support the rural services was thus reduced. In Lincolnshire, financial support was given to services on a route-by-route basis (anticipating the 1985 Act approach). In Humberside, more extensive support was given to maintain the network of the major operator, although existing independents also received support to maintain services.

Although support was given to rural bus services, some decline in provision continued during the 1970s and the early 1980s, with most Sunday and evening services being withdrawn. Minor inter-urban links also suffered cuts. However, almost all villages retained shopping links to their nearest market town.

#### **4. EXPRESS COACH DEREGULATION**

Express coach services in the area traditionally comprised two elements:

- a) All-year round services to/from London. A pattern established in the 1930's was followed by Road Car (marketed from the early 1970's as part of the NBC's 'National Travel', and later 'National Express', network), the main route being from Grimsby via Lincoln and Sleaford, together with a service from the coastal towns (Mablethorpe, Skegness and Boston).
- b) Extensive seasonal operations, notably from industrial areas west of the county to coastal resorts, operated by a mix of independents and the NBC companies.

The 1980 Transport Act's deregulation of express coach services resulted in existing independent operators in the area starting new services in London. Map 3 shows all-year round, daily express services in the Summer of that year (prior to deregulation in 1980). These comprised long-established direct services to London (466, 469, 471 and 472), plus services forming part of the then Cheltenham 'hub' network (650 from Scunthorpe, 659 from Lincoln). The other 'cross country' link was 356 (Bradford - Sheffield - Lincoln - Sleaford - Holbeach - Kings Lynn - Norwich - Lowestoft).

From Grimsby, a service competing with the National Express was established by Applebys. In common with many cases elsewhere, this could not match National Express frequency. It now operates on summer Saturdays only. More successful were new services from Boston (by Hogg of Boston and now by Brylaine of Boston), and Boston and Spalding (by Elseys of Gosberton, near Spalding). These operate direct to London via Peterborough, competing with the much less direct rail route. They continue to operate daily, all year round. Map 4 shows the pattern in Summer 1983. National Express pulled out of daily operation along the coast, but augmented their once-daily Grimsby-London service to run three times daily from Lincoln. Map 5 shows the Summer 1988 pattern - the Grimsby-London service was diverted via Louth (giving that town a through service to London, lost on rail closure in 1970) and Leicester. In south Humberside, the major town of Scunthorpe benefitted from diversion of Hull-London coach services via the Humber Bridge (to 'Rapide' standard) to give it a through London service 5 times per day. However, the cross-country 356 had disappeared, along with the Cheltenham hub network. Hogg's service was by then extended to Skegness. Some points were no longer served, notably Sleaford and Bourne, but these retain rail links, or frequent bus services to the Peterborough railhead.



Competition also emerged on seasonal cross-country services to the coast from 1981 (and in summer Saturday services from Lincolnshire/South Humberside and to other regions). However, no radical change in patterns occurred, and this market has in any case tended to decline with the changing holiday patterns. Major operations continued to be those well-established, such as Barton and Skills from the Nottingham area (rationalised under Skills operation in early 1997).

Subsequently, the Grimsby-London service has been rerouted on several occasions, and now runs via Louth, Horncastle, Sleaford and Bourne. Cross-country links have been improved toward the Midlands and South West, but the NW - SE link to East Anglia has not been revived. The continuation of the two independent daily services to London is noteworthy, given the very limited number of such services now operated nationally.

## 5. LOCAL BUS DEREGULATION

Although the impacts of the 1980 Transport Act were confined primarily to express services, control of local ('stage') bus services was also liberalised. The onus of proof in cases where objections were made to a new road service licence application was placed on the incumbent objector, rather than the applicant. Lincolnshire saw relatively little direct competition between independent operators and Lincs. Road Car, but considerable conflict developed between Road Car and Lincoln City Transport (LCT). In contrast to the joint working between Road Car and the Grimsby-Cleethorpes Joint Transport Committee (GCT), relations between Road Car and LCT had always been poor. The Private Act of 1915 under which Lincoln gained powers to run bus services had effectively confined it to the city boundary. Road Car services from surrounding rural areas also covered most of the radial roads from the city centre, but were not allowed to pick up passengers within the boundary. Under the 1980 Act this restriction was rapidly removed. At about the same time, LCT extended services to the Birchwood area southwest of the city, in which much housing development has occurred since the early 1970s, following its incorporation within the city administrative boundary. The competition between these operators intensified further from 1986.

Fares control was effectively removed, making it easier for operators to adjust fares to reflect inflation, and also to vary fare structures rather than following standard distance-based structures. Road Car made considerable use of this decontrol to vary fare levels by route, reducing the cross-subsidy to low-density rural areas (Rowse, 1986).

Local bus deregulation in October 1986 was associated with a further shift from Road Car to independent operators, as the latter submitted competitive bids under the tendering process. A similar level of service was maintained in most areas, very few villages losing their services. A similar shift occurred in South Humberside. However, very few new operators emerged, the expansion being made by existing independents. Most inter-urban links were maintained, except for bus services in the Grimsby - Brigg - Scunthorpe corridor, and the Grimsby - Market Rasen - Lincoln route, over which through running ceased, although links between most intermediate villages and the nearest urban centre were retained. The gaps created may be attributed to a combination of the fact that a through service was still offered by rail, and the cross-boundary nature of the routes, which may have caused complications in the tendering process.

Strong competition between existing operators was confined mainly to the urban areas served by the municipal companies and Road Car in their respective areas, and intensified between 1986 and 1989. Rural and interurban routes saw little direct competition at first, except where existing operators offered parallel routes and some fares competition developed (notably between Road Car and an independent between Boston and Spalding). However, the municipal v. Road Car competition broadened as a result of the municipals expanding outwith their original urban territory. Lincoln City



Transport took over one of the Lincoln - Newark routes through tendering in October 1985. Subsequently, it introduced a daily Lincoln - Skegness summer service in 1987, using the vehicles to operate local services in the coastal area also. These services operated more intensively in 1988, and from July of that year were joined by services from Lincoln to Gainsborough, Scunthorpe and Nottingham (connected in part with rival minibus networks within Gainsborough and Scunthorpe established by Lincoln City Transport), as well as links to suburban villages around Lincoln (such as Branston) previously served only by Road Car. Grimsby-Cleethorpes Transport began a competing service between Grimsby and Louth in July 1987, which continued commercially until September 1989.

A more surprising development was the introduction of a Lincoln-Spilsby-Skegness/Boston network by a local independent (Brylaine) in May 1988, serving a thinly-populated area, and competing with services still offered by Road Car.

Map 6 illustrates significant competition on the rural and interurban services in Summer 1988. In addition to the examples mentioned, local independents were also competing strongly on the Spalding-King's Lynn route, Spalding-Boston, and the coast road north of Skegness (all-year-round). Between Boston, New York and Woodhall Spa (south of Horncastle) Road Car and an independent competed - each running three times per day, but with journeys separated only by a few minutes in some cases. Competition within urban areas is also indicated - between Road Car and local independents in Newark and Grantham, but primarily with the municipal operators elsewhere (Lincoln City within Gainsborough and Scunthorpe as well as Lincoln, and a Louth town service operated by GCT). In Boston, competition took the form of an adjoining regional ex-NBC company (Eastern Counties) running minibuses within the town, having become involved in this mode of operation under NBC ownership at an earlier stage than Road Car, and seeing its potential elsewhere.

Map 7 shows the pattern in March 1990. By this time, competition had greatly diminished. LCT had withdrawn from Scunthorpe and Gainsborough, although competition remained strong around Lincoln itself. GCT had cut their Louth service to evening tendered journeys only. In Gainsborough and Grantham competition continued between Road Car and independents. However, in the south east sector, Road Car had withdrawn entirely in 1989, closing its Boston and Holbeach depots, leaving the whole area south of the Horncastle-Skegness roads to independents (except for some Skegness-Boston journeys). Competition had emerged between independents on the Boston-Spalding route, and also between Scunthorpe and Brigg in Humberside (both cases of which continue).

In many cases, loadings were fairly poor. For example, surveys by Fowler (1989) on the Grimsby-Louth route, on which Road Car doubled their hourly frequency in response to GCT's hourly service, indicated very low average loads. Despite a trebling of service frequency, only about 13% of users interviewed stated that they travelled more often. The service has since reverted to the hourly level (Mon-Sat) offered since the 1920s.

Subsequently, most other competing services have ceased running. Following a period of intensive competition in Newark, Road Car took over the long-established local independent (Gash), but this was followed by a newcomer, Pathfinder, who established inter-urban minibus routes to Nottingham and local services in the town. A much more innovative approach has been followed than by existing independents, making use of a very modern fleet, and more energetic marketing (Lee 1996). Subsequently, further rationalisation has taken place, with Road Car once again running most town services. Competition on Grantham town service with local independent Reliance has been followed by rationalisation of services. Independent competition (succeeding that from LCT) has ceased in Gainsborough.



The only substantial cases of competition now remaining are along the coast road north of Skegness (all-year round from Hunt of Alford, plus local seasonal services), between Scunthorpe and Gainsborough (Road Car and local independent Eagle), and Scunthorpe and Brigg (two local independents, Road Car, and an intermediate section of the Stagecoach Sheffield-Grimsby route, discussed further below). The local routes from Lincoln to Branston, Birchwood and Waddington also continue to display competition, in which Road Car and the independent (now Applebys) have successively retimed journeys to run shortly in front of each other. Competition between Road Car and Stagecoach subsidiaries in Grimsby, and the Retford area, ceased simultaneously in April 1996. A noteworthy indication of the shift from perhaps excessive competition is the operation since July 1996 of a joint Road Car/independent (Eagle) Lincoln-Gainsborough-Doncaster service.

## 5. 'UNCONVENTIONAL' SERVICES

Despite its low population density, Lincolnshire and South Humberside has seen little 'unconventional' operation. There were, until recently, no 'community bus' services of the type encouraged under the Transport Act of 1978 (i.e. scheduled minibus services driven by volunteers, open to the general public), although the Kesteven dial-a-ride service (RDC 1996) now provides a public Saturday-only route into Sleaford.

At the time of deregulation in 1986, a postbus had operated for several years from Louth to scattered settlements south of the town. This has continued with assistance from the county council, albeit now reduced from a minibus to an estate car. Following cuts in the remaining Louth-Horncastle service of Lincs. Road Car, a replacement Wednesday & Saturday service was established by the 'Horncastle Bus Club' in 1975. This was an example of a two-part tariff, in which members of the club paid subscriptions to support the running of the service (contracted to a local independent operator) and then could use the service without further payment, while a conventional fare for each journey made was charged to other members of the public. The club also operated excursions and raised money through fund-raising activities. However, this pattern of operation did not appear to match very well the split between 'commercial' and 'tendered' services set up under the 1985 Act, and the service ceased in early 1987, being replaced by a conventional county council tendered service.

Some development of 'taxibus' services permitted under the 1985 Act has also occurred, aided by the Rural Transport Development Fund. The main example was the service operated into Louth from villages to the east by Roland (Poelstra) of Grimoldby, which provided Monday-Saturday services using 8-seater Mercedes minibuses plated as taxis, from January 1987 to 1990. Potentially of wider significance was the 'Wolds Whippet', a feeder service between Louth and the then once daily High Speed Train to/from London at Market Rasen introduced in 1988. A local firm ran the route as a pre-booked service but it was withdrawn after a short period, probably insufficient to test the potential long-term market for such a service. Over a longer period, Lincolnshire County Council has supported voluntary lift-giving schemes, especially for medical and other essential trips. It also supports a taxibus from the village of Sudbrook, to Grantham.

The County council also supports with grant aid the dial-a-ride services (for elderly and disabled users) in Lincoln and Kesteven, and is currently in the process of setting up dial-a-ride service in Alford and Mablethorpe. The latter will be a County Council scheme, operated by the Red Cross with funding support from a number of agencies.

There has also been somewhat less intensive psv minibus operation than in many other parts of Britain. Most of the independent expansion (except for Pathfinder) has been in the form of large conventionally-sized vehicles (given the role of school peak traffic). Minibuses were used substantially as competing devices in the Lincoln and Grimsby areas (both by Road Car and the municipals), but



their role has since diminished in those cases. However, the Road Car fleet now includes a substantial operation of vehicles seating around 23-30 passengers, notably in the Scunthorpe area, and within Lincoln.

## 5. TENDERING AND COUNTY POLICIES

Tendered services are principally the responsibility of the Lincolnshire and Humberside County Councils (the latter's role superseded by the new unitaries since April 1996), although districts also have such powers. Following the surprisingly large range of commercially-registered services notified by operators in early 1986, the counties were able to invite tenders to cover most of the 'gaps' in the existing network thus identified, typically to cover part of the operating period on a route otherwise run commercially (for example, evenings and Sundays). Whereas the authors of the 1985 Act seemed to envisage largely separate commercial and tendered networks, this has often been the reality even in low-density rural areas, with few wholly-tendered routes as such.

Although generally following rather different policies in many sectors (Humberside being under Labour control, and Lincolnshire for most of the period Conservative), their approach to tendered service levels was similar. However, a marked difference exists in the provision of concessionary fares for pensioners and disabled. In Lincolnshire, all but one of the constituent districts has its own scheme, some of a very limited nature (e.g. East Lindsey, tokens to a value of £10 per year). South Holland (the area around Spalding) offers none at all. In Humberside, a county-wide half-fare concession for both pensioners and schoolchildren was established, assuming zero trip generation (and thus raising the level of commercially-viable services). This has been maintained under the new unitaries, albeit marginally reduced to a 45% reduction on standard adult fares.

At the time of the 1985 Act coming into effect, it was feared that the major negative impacts would be in rural areas, hence the additional mileage-based payments and the RDTF described above. The former clearly helped to raise the level of commercially-registered service, and thus reduce the public expenditure needed by local authorities to maintain a rural and inter-urban network broadly similar to that before local bus deregulation.

In 1985/6 (last full year before deregulation), a total of £423,000 was spent by Lincs. County Council on securing the operation of specific services, of which 80% went to Road Car and adjoining NBC companies. The year 1986/87 is difficult to analyse, since deregulation occurred mid-way through it, but a clearer contrast may be drawn by looking at 1987/88 (i.e. the first whole year entirely after deregulation). At March 1988, annual equivalent spending was £438,000, of which the share of former NBC companies down to 41%. A very large increase occurred in independents share (from 17% to 50%), and also that of municipals (3% to 9%).

Although overall spending by county appeared about the same in money terms (falling slightly in real terms), a saving of some £150,000 per year on the education budget should also be taken into account, due to children formerly carried on separate services being carried on tendered services funded from the transport budget specified above. A net saving in public expenditure at the county level was thus observed. However, the transitional rural bus grant paid direct to operators by central government should also be included in any assessment. An exact figure is not available locally, but prior to deregulation about 7 million bus miles per year were being operated in the county. Allowing for services operated in Lincoln and other towns over 25,000 population, I estimate that about 5 million bus miles per year were receiving the grant. At the rate of 5p per mile paid in 1987/88, this amounted to £250,000. Total public expenditure on the rural/interurban services thus rose by about £100,000, or about 20%. Against this, the fact that some urban to rural cross-subsidy was probably



occurring previously should be acknowledged.

The current LCC spending (estimated out-turn for 1996/97) is £1.135m on revenue support of local bus services, of which roundly £0.480m is met by the Education budget for carrying entitled pupils free on supported journeys. The net cost of £0.655m compares with £0.423m in 1985/86 (above). At 1995/96 prices, the latter corresponds to about £0.66m. The net cost (excluding Education budget inputs) is thus almost unchanged in real terms. It follows a very similar trend to English shires as a whole, in which real support fell by 3% between 1985/86 and 1995/96 [Bus & Coach Statistics Great Britain 1995-96, table 5.2].

## 6 IMPACTS ON RAIL

Following closures in 1970, rail services in the area have generally remained fairly stable, or improved - notably as a result of the introduction of 'Sprinter' stock in 1986 and 1987. A much more positive approach toward the marketing of such services was adopted after the formation of a separate 'Provincial' Sector (later, 'Regional Railways') within the BR management structure. However, the through Cleethorpes-Lincoln-London once daily HST service ceased from 1993, in which year the Gainsborough-Barnetby service was reduced from Monday-Saturday to Saturday-only operation.

The most substantial improvements have come through the creation of the hourly Cleethorpes-Grimsby-Scunthorpe-Doncaster-Meadowhall-Sheffield-Manchester service with 'class 158' stock in October 1993 (on which most journeys extend to Manchester Airport). The Grimsby-Lincoln-Nottingham corridor has also seen improvements, with the extension of many journeys through to Coventry to Birmingham. Modernisation of signalling and level crossings on the Sleaford-Boston-Skegness line with county council assistance has enabled a higher level of service to be provided through reducing the need for additional shift work on the previous labour-intensive system.

However, at national level such services continue to incur a very large deficit. It is in some respects ironic that minor cross-country local bus and express coach links cut out in recent years are, in general, still covered by much more costly rail services. Competition with rail has emerged mainly on the heavier flows to London and the Grimsby-Sheffield corridor. Use of rail as a 'residual' mode - as on the Grimsby-Barton route - is not necessarily the best use of resources. There may be a good case for directing more support to inter-urban buses and cross-country coaches, both by central and local government, while continuing to develop the major cross-country rail links.

Following privatisation, most Lincolnshire area services are now part of Central (franchise operator, National Express), while the Grimsby-Manchester, Lincoln-Sheffield and Barton services are run by North Eastern (franchisee MTL). The East Coast Main Line is run by Great North Eastern Railway (GNER), a subsidiary of Sea Containers. Little significant change in service levels has occurred on any of the franchised lines to date, although GNER's introduction of a dedicated Lincoln-Newark coach feeder service (run under contract by a local independent) in October 1996 has been controversial, since it competes with the rail service of another franchise operator (Central).

The first few years of local bus deregulation saw very little direct bus - rail competition, through bus services tending to disappear, with rail remaining as the alternative (notably Grimsby-Lincoln). However, the Stagecoach group has successfully developed a number of limited-stop regional coach services in several parts of Britain under the 'Stagecoach Express' title. A limited Cleethorpes-Grimsby-Scunthorpe-Doncaster service 909 was launched in September 1994. This was expanded to run through from Grimsby to Sheffield and the Meadowhall shopping centre every hour in July 1995, increased to half-hourly in October 1995, also offering Grimsby-Hull connections : by the end of



1996 it was carrying 45,000 passengers per month (Coach & Bus Week, 14 December 1996). Further details are given by Colson (1996). Subsequently, Road Car followed the Stagecoach example by launching its X3 Lincoln-Market Rasen-Grimsby limited stop service in October 1995 (Monopolies and Mergers Commission 1996, page 69), now extended to Cleethorpes. These new interurban links have reconnected some smaller market towns (notably Brigg and Caistor) which for a period had very limited services, but also tend to compete very directly with the better rail services in region.

LCC has recently commissioned (in conjunction with N.E. Lincs.) a scoping study on the potential for electrifying the line between Newark and Cleethorpes, which would enable the e.m.u. service from Kings Cross to be extended north of Peterborough.

## **7. RECENT CHANGES IN OWNERSHIP AND FINANCIAL PERFORMANCE**

The two municipal companies remained in local authority ownership until the early 1990s, despite central government encouragement to sell to the private sector. GCT remained profitable, but in 1993 the owning local authorities were tempted by the offer to retain capital receipts to sell the business. They were unwilling to support a management-employee buy-out. A successful offer was made by Stagecoach, who took over the company as 'Stagecoach Grimsby-Cleethorpes' from 18 November 1993 for £4.4m cash. The purchase price to turnover ratio was exceptionally high at 0.66, compared with an average of 0.42 for 13 major takeovers and MEBOs of municipals, in that year (Robbins 1996, page 46), reflecting the better-than-average profitability.

Subsequently, Stagecoach has disposed of most of the loss-making coach operations, and reduced bus operating costs while local services have changed little (apart from the Sheffield link mentioned above). The pre-tax profit margin rose from 9.7% of turnover in 1992-93 to 27.0% in 1994/5 - the highest in Britain (TAS, 1995 and 1996), although one would in any case expect a higher-than-average margin given the high purchase price paid.

LCT in contrast suffered poor financial performance following its ambitious attempt compete with Road Car outside its home city, and the launch of more intensive competing Road Car services within the city from 1988. A management/employee buy-out was completed, with support from Derby City Transport, in November 1991. However, financial performance continued to be poor, and in February 1993 the business was acquired by Yorkshire Traction, owners of Road Car. Service rationalisation followed, and effectively one operator now runs all services in the Lincoln area (apart from some independent routes). The LCT name and business is retained for some vehicles and routes. Subsequently, Road Car's profit margin has improved from 3.3% in 1993/4 to 5.5% in 1994/5, although still below the industry average. The LCT subsidiary as such moved from an operating loss of £61,000 in calendar year 1993 to a surplus of £115,000 in 1994 (Jarosz, 1996).

The Grimsby-Cleethorpes area retained a much more stable level of service throughout the period from deregulation, and was also able to renew its fleet on a steady pattern - new vehicles being purchased in most years to keep maximum life at about 15 years, even during the late 1980s when nationwide new deliveries fell to a very low level. After a lull before the Stagecoach takeover, the 1988 minibus batch has been replaced by new vehicles, and modernisation of the double-deck fleet continued, to give an exceptionally low average fleet age by national standards. Conversely, Road Car purchased no new local buses between 1986 and 1991, making extensive secondhand acquisitions. Even since 1991 most new vehicles have been midibuses, with the first new double-deckers since deregulation arriving only in December 1996.



Following the retrenchment in 1989, Road Car has been able to compete more strongly with independents through reducing its costs, both on commercial routes and in obtaining tendered work (even peak school and college journeys). Some independents have been taken over.

## 8. CONCLUDING OBSERVATIONS

Following a period of intensive competition in the late 1980s, which proved unsustainable, services have returned to a broadly similar level to that in 1986, parallel with experience in Norfolk (Harman, 1989). Interurban limited-stop bus and coach services have emerged only recently, but appear to compete largely with rail rather than provide links between towns not thus connected. There has been surprisingly little development of 'non-conventional' services such as taxibuses or voluntary services.

The relatively high degree of conventional bus operation may be explained by the continued need for peak capacity for schoolchildren and college students. Costs have been reduced not only by growth in labour productivity, as elsewhere in Britain, but the shift from national wage structures to those based on local bargaining. The Lincolnshire area has a low cost of living (notably for housing), reflected in much lower wages than the national average: in 1995, the top driving rate offered by Road Car was £4.11 per hour (Jarosz 1995), compared with average hourly earnings for bus drivers in Britain as a whole of £5.09 [Bus & Coach Statistics Great Britain 1995/96, table 8.2]. While it is unlikely that services have proved very attractive to those with car available (except for some of the new interurban links), growth in demand may have come from the increase in further education students: substantial inter-urban movements (such as Mablethorpe to Boston, Louth to Lincoln) are generated by such demand. From a low level, the operating profitability of the major company (Road Car) has improved.

Against these favourable trends, some costs are now increasing. The transitional rural grant was phased out in 1990. Fuel duty increases since 1993 have been applied to local bus services, whereas previously a 100% rebate was given. The integration of school and public services may be discouraged by the requirement (of dubious logic) for seat belts to be fitted to 'coaches' used for schoolchildren (i.e. contract services) since February of this year. The growing specialisation of new coaches into high-quality forms makes it more difficult for the traditional 'cascade down' practised by local independents to school and local public services to be continued. The fleet of the major operator, Road Car, has aged substantially since deregulation, and some independents (but not all) also rely mainly on secondhand vehicles for local services. At national level the bus industry is now experiencing problems in recruiting and retaining staff at the low wages currently offered, as the economy improves.

A pattern may develop of specialisation between peak school and college demand, using conventional full-size vehicles, and smaller vehicles (preferably low-floor accessible models) for other public services. This would depend on sufficient funding to permit investment in the latter.

One would prefer to be able to draw somewhat firmer conclusions regarding passenger trends, which form the best criterion for judging 'success' of local bus services. However, these are not generally available at local level, hence the emphasis on service levels and financial performance in this paper.



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The source of population data, etc. where not otherwise cited is the 1991 census reports.



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All inferences drawn from data presented are mine alone.

## MAPS

Due to limitations on the length of this paper for inclusion in proceedings, maps referred to in the text are not reproduced here. They will be incorporated in the workshop presentation, and copies are available direct from the author on request.

PRW April 1997

'Lincits2'/discA47



*An outline map of the area covered, indicating major towns and subsidiary local centres*

