

# Devon Fare Cars

## Year 1 Report

### April 2002 to March 2003

## 1. Introduction

This report outlines the progress made on the Devon Fare Cars project in its first year, April 2002 to March 2003. The project was submitted to Round 4 of the Government's Rural Bus Challenge awards to start April 2002.

The project involves setting up eight experimental Fare Car schemes in selected areas of Devon. The award was for a total of £471,000 over 3-4 years (£75,000 Capital and £396,000 Revenue Expenditure).

Fare Car is a shared private hire car service operating under Section 11 of the Transport Act 1985 enabling passengers to book seats on advertised timetabled journeys. The fare charged is approximately equal to or slightly above the normal bus fare for the distance travelled. The car operator is refunded the full normal charge for the private hire journey, thereby providing the passenger with a subsidized service which, for the transport authority, may be more cost-effective in some circumstances than subsidizing a bus service. The Devon Fare Cars project aims to find out in which circumstances, if any, Fare Car is more indeed more cost-effective and sustainable than a subsidized bus.

## 2. Process

The process being followed for setting up a Fare Car scheme is as follows:

- a) Advertise for expressions of interest from Private Hire companies in the proposed areas of operation.
- b) Launch consultation / detailed research within the proposed areas of operation, through the local Community Transport offices.
- c) From those operators expressing an interest, select the one for each area who is best able to meet the objectives of the Fare Car experiment.
- d) Using any outcomes from the consultation, plus practical input from the operator, confirm each area of Fare Car operation and agree a service timetable.
- e) Set up in the Rural Community Transport office the necessary administrative arrangements for Fare Car Travel Club membership and the processing of bookings.
- f) Draw up formal agreements with each Community Transport office and operator.
- g) Design, print and distribute publicity material.

#### **a) Interest from Private Hire Companies**

The response from each area was variable. We were concerned that there was a lack of operators in some rural areas. The response in each area ranged from four to over a dozen.

#### **b) Consultation and Research**

According to the circumstances in each area, our partner Community Transport offices have undertaken various forms of research, ranging from seeking the views of parish councils to household surveys and public meetings. The consultation work in some areas drew on long-standing knowledge and previous survey findings; elsewhere it was necessary to start afresh on a lengthy process.

#### **c) Selection of Operator**

The apparent choice of operators masks several factors working to our disadvantage:

- the concentration of operators in urban centres entails high mileage costs in serving a deep rural hinterland;
- some operators have small fleets, of one or two vehicles and therefore lack spare capacity;
- most operators have their peak-time vehicle and driver resources totally committed to school contracts;
- some withdrew after considering the potential resource commitment required by Fare Car.

In practice, therefore, our choice was limited. It was not considered appropriate or necessary to go out to formal competitive tender. Whilst some elements of the proposed arrangement were easily quantifiable - such as mileage charges, type of vehicles available and availability for the required period of operation at a day's notice with no standby fee, other factors were qualitative - particularly the operator's ability or willingness to engage fully in the partnership process and help promote the Fare Car concept in the community.

Taking all these factors into account, the final selection in each area has been from a maximum of two contenders and the time taken in reaching this stage was in all cases longer than anticipated.

#### **d) Confirmation of Areas of Operation**

The general response to the Fare Car concept has been universally positive and has prompted a very careful examination of the proposed areas of operation and potential controversy over which parishes would unfortunately not be served. The proposed area of Rattery was abandoned in favour of Bigbury-on-Sea. Since the preparation of the bid, it was considered that Bigbury-on-Sea had suffered loss of bus services such as to make it better suited to a Fare Car experiment. There had also been recent locally instigated research into transport needs.

This stage rightly absorbed substantial time, since all parties were determined that the service provision should be viewed locally as having been planned fairly and in a way which served the largest possible area within the resources available.

In scheduling the Fare Car service, the aim has been to make it operable with a maximum of one car in service at any one time, so as not to make an unrealistic call on the operator's resources. In most cases, the operator's input to the planning process on questions of routes and running times has resulted in the area of eligibility being enlarged beyond that originally envisaged. There has also been considerable lobbying to include parishes beyond the fringes of the proposed areas.

**e) Setting Up of Administrative Arrangements**



Circumstances vary from one Community Transport office to another in terms of existing systems and staffing levels. It was crucial to ensure that communications between the booking office and the operator would be quick and efficient.

*Photo – Community Transport Offices act as a booking office and provide local transport information and advice.*

**f) Drawing up of Formal Agreements**

Fare Car operates on the basis of formal agreements between the County Council and the operator, requiring him at all times to abide by Private Hire regulations and the additional Fare Car agreement with regard to being available for all booked journeys, to collect the stipulated fares and to charge the agreed gross rates. The Community Transport offices correspondingly operate the booking system at the agreed times for the agreed fees.

**g) Publicity**

Fare Car is a new concept which requires detailed explanation at first. Publicity material is therefore less straightforward than a standard bus timetable. It requires an explanation of how Fare Car works, a map showing the area of eligibility, a timetable and details of which origins and destinations are served.

*Photo – The Holsworthy and Ashwater Fare Car leaflet (F8).*



House-to-house distributions have been carried out, together with coverage in the local press and community publications. Formal launches have been staged. Current leaflets are included with this report.

*Photo – The launch of Fare Car F7 in Bigbury-on-Sea in January 2003. © of South Hams Newspaper.*

### 3. Implementation of Services -

The above processes having been followed, the implementation of three services has proceeded as follows:

- I. September 2002:**  
Introduction of Fare Car F6 in the Holsworthy / Bradworthy area.  
Operated by Holsworthy Cars of Pyworthy.  
Bookings by North Tamar Community Transport Association of Holsworthy.  
Area as envisaged with enlargements suggested by operator and CTA.
- II. December 2002:**  
Introduction of Fare Car F7 in the Modbury / Bigbury-on-Sea area.  
Operated by Bridge Cabs of Modbury.  
Bookings by Kingsbridge Transport Information Centre.  
Original area (Rattery) abandoned in favour of Modbury / Bigbury-on-Sea because of a) strength of local representations about recent bus service withdrawals; b) very thorough community-inspired local research into transport needs and c) the interest of an enthusiastic operator in the locality.
- III. March 2003:**  
Introduction of Fare Car F8 in the Holsworthy / Ashwater area.  
Operated by Holsworthy Cars of Pyworthy.  
Bookings by North Tamar Community Transport Association of Holsworthy.  
Area as envisaged with substantial enlargements suggested by operator.

The original programme envisaged five services by May 2003 and eight by September 2003.

## 4. Results and Experience so far

Results so far available (patronage and costs) are shown in the following tables.

### SERVICE F6 Bradworthy / Holsworthy

2002/2003	Subsidy paid to operator	Number of passengers	Fares collected	Subsidy per passenger
September	£64.00	15	£13.50	£4.27
October	£377.00	81	£80.00	£4.60
November	£419.50	80	£79.00	£5.24
December	£286.00	72	£86.00	£3.97
January	£429.50	114	£122.00	£3.83
February	£406.50	118	£148.00	£3.23
March	£569.00	130	£154.00	£4.09

### SERVICE F7 Bigbury-on-Sea

2002/2003	Subsidy paid to operator	Number of passengers	Fares collected	Subsidy per passenger
January	£205.52	24	£28.80	£8.56
February	£333.78	32	£38.40	£10.43
March	£711.00	80	£96.00	£8.89

The implementation process has taken longer than anticipated but this is largely due to the thoroughness of the consultation process; the extensive discussions with potential operators, and the preparation and distribution of publicity material.

We believe that the additional time allocated to these planning stages has more than paid off in terms of the overwhelmingly positive feedback received from all quarters and the virtually problem-free operation of the services. This does suggest that additional dedicated staff time for planning and preparation of future services is required.

Several general lessons have been learned, some of which are already being applied to the services being introduced during 2003/2004.

- Ideally, a Fare Car operator should have a fleet of at least four cars, so as to have adequate capacity and flexibility to balance varying Fare Car commitments with conventional Private Hire business;
- Generally, we were too cautious when planning the proposed areas. Operators generally achieve faster running times than expected. This, coupled with the complete flexibility of routing, has enabled us to envisage larger areas of eligibility;
- Passenger usage has so far been lower than predicted;
- Operationally, Fare Car has worked faultlessly. Booking systems have worked smoothly and operators have delivered the service efficiently and without any serious failures. The contract arrangements between the Council and operators have been straightforward and readily agreed and day-to-day arrangements, dealing with queries etc., have worked well. Apart from a very small number of complaints (the kind which occur on any transport service), passenger feedback has been overwhelmingly positive. There has been no significant criticism of any aspect of the service;

- We believe we have been fortunate in our choice of operators. Although initial interest was expressed by a large number of operators in some areas, the number of companies actually able or willing to offer a practical commitment to Fare Car was very restricted.

## 5. Expenditure

### Revenue Expenditure in 2002/2003

The expenditure in 2002/2003 was as follows:

Payments to Operators	£2,188.02
Publicity and Promotion	£2,716.17
<b>Total</b>	<b>£4,904.19</b>

Actual revenue subsidy has been significantly lower than anticipated due to the low level of usage. One local booking office (dealing with two schemes) has not yet confirmed its charges, preferring to await experience of the level of business. This has meant that booking fees have also been very low in the first year. Appropriate balancing payments will be included in 2003/2004.

### Capital Expenditure in 2002/2003

The purchase and allocation of accessible vehicles has not yet proceeded. Each District Licensing Authority lays down individual and idiosyncratic requirements regarding which vehicle specification may be plated. Furthermore, strong and conflicting views from the operators themselves has required a thorough survey of all available options. This expenditure is now envisaged during 2003/2004.

## 6. Tentative General Conclusions So Far



There can be no doubt that in terms of passenger appreciation and social benefits, Fare Car has improved the lot of those who use it. Communities which hitherto had only weekly shopping-time bus services now enjoy the full range of travel opportunities on seven days a week. Indeed, the deep rural Fare Car areas are better served than most Devon towns and villages including those on many inter-urban corridors. Passengers also appreciate the personal door-to-door service afforded by Fare Car.

*Photo – Deep rural Fare Car areas are better served than most Devon towns and villages including those on many inter-urban corridors.*

Whilst they see some disadvantage in having to book in advance, they accept this as part of the deal offered them, whereby they receive a frequency and quality of service which they understand would not be available from the bus.

Whereas with conventional bus operation, total subsidy goes down as patronage increases, with Fare Car, total subsidy normally increases as patronage increases, because increased patronage means more journeys have to operate - unless the additional passengers travel together. So, the number of passengers per booked journey is crucial. The best-case outcome for Fare Car is a relatively small number of booked journeys with a high load factor (at least four passengers per journey). It might then achieve the County Council's Criteria for Bus Service Support. The worst-case outcome for Fare Car is a large number of booked journeys with single passengers. Subsidy per passenger is then high. So far, the number of passengers per journey has been disappointingly low.

The results so far illustrate the very low level of demand for public transport in deep rural areas.

Feedback so far suggests that passengers may be prepared to pay more than at present. We may have to consider increasing fares since this income has a significant bearing on subsidy per passenger.

Fare Car is a more cost-effective way than the conventional bus of providing a frequent all-day seven-day-a-week public transport service in a deep rural area. However, the subsidy per passenger may still be unacceptably high unless the number of passengers per booked journey improves. The total overall demand is low. Increased fares are potentially important in improving the economics of Fare Car.

Except in a very small number of cases where there may be marginal savings, Fare Car does not offer a way of improving the viability of existing conventional bus services. Where passenger usage is good (double figures at key or most times) and/or all or most advertised journeys are patronized, conventional bus services, including traditional market-day bus services, are likely to remain more cost-effective than Fare Car.

It is not yet clear whether there is a sustainable role for Fare Cars in the public transport network. Ironically, if there are sufficient regular passengers for a Fare Car journey to operate within current subsidy per passenger criteria, the same journey might be operable just as economically by a conventional bus. It may be the case that Fare Car's only advantage is that it is more cost-effective where conventional buses become extremely expensive - i.e. providing all-day, seven-day journey opportunities in deep rural areas. However, Fare Car's cost per passenger is still likely to be higher than the current maximum for public transport services. Allowing a higher subsidy per passenger on Fare Cars than on buses could be construed as unfairly favouring one group of passengers or area of the County over another. If future service planning, provision and funding determines widespread and extensive service level improvements, then Fare Car may be the appropriate mode for taking most rural areas above present levels of service.

It is also relevant to compare Fare Car with other types of innovative public transport. Demand-responsive flexibuses have been introduced in Devon and elsewhere. However, whilst there are advantages in terms of service to the passenger, these operations suffer from the same fundamental cost disadvantage as any registered bus service, namely the commitment to at least one vehicle and driver on continuous duty, irrespective of whether or not journeys are patronized. We must recognize that any innovative service will be expensive to provide. It is likely that if Fare Car can not be sustained in the rural areas in question, then there will be no other option but the voluntary sector.

We have received numerous enquiries from other local authorities formulating their own innovative rural transport schemes and we have been pleased to share our tentative findings - both positive and negative.

## 7. Next Steps for Services

- During 2003/2004 it is now envisaged that a further five services will be introduced, thereby having all eight proposed services in operation by March 2004. These and existing schemes will be carefully monitored and reviewed and it is envisaged that some changes may be considered in the light of experience.
- We shall prepare an information pack for other interested local authorities.
- We shall approach DfT for approval to run all eight services until March 2006 within the total approved level of funding. We anticipate that funding will allow for this. Moreover, due to the slippage in introducing schemes, further time is considered essential to allow them to be fully evaluated.
- We shall seek approval from DfT to add during 2004/2005 two further services to the eight originally approved. The successful introduction of these, however, will depend on finding suitable operators and on costs remaining approximately within the range encountered so far.

## 8. Financial Summary So Far (Nearest £000)

Total actual expenditure 2002/2003	£5,000
Planned expenditure 2003/2004	£155,000
Total planned project expenditure as at 31st March 2004	£160,000
Grant received in 2002/2003	£80,000
Additional grant requested for 2003/2004	£80,000

## 9. Conclusion

The implementation of the Devon Fare Cars project has proceeded successfully and will be completed, albeit with some slippage in the programme, due to the complexity of the issues surrounding this innovative scheme. This has in no way detracted from the useful information obtained and the lessons being learned.