

Go-Ahead

Meeting needs in a competitive sector

Deregulation



Go-Ahead's history is closely tied to the story of transport privatisation in this country. The company was created as a result of bus privatisation and deregulation in 1986. Previously buses had operated in the public sector. Privatisation took the various bus companies into private company ownership while deregulation gave bus companies the freedom to set where and when bus services could operate. Previously, local authorities had controlled this.

After deregulation, Go-Ahead successfully bid to take over the bus operation in Tyne & Wear and parts of County Durham in a management buy-out. In 1994 it then became a public limited company – one in which anyone can buy a share.

The bus division has grown from strength to strength. From its original base in the north, the company spread south. It took over the following bus companies in centres of population:



- * Brighton and Hove (1993)
- * Oxford (1994)
- * London bus operations (between 1994 and 1996)
- * Metrobus (1999)
- * Wilts and Dorset (2003)
- * Southern Vectis/Solent Blue Line and Birmingham Coach Company (2005)
- * Probus, Docklands Minibuses and Marchwood Buses (2006).

These companies were purchased from previous owners. In 1996 British Rail (the government-owned-and-run rail industry) was privatised. Some private companies took over maintaining the rail tracks, signalling and stations, while others put in bids to carry passengers. Go-Ahead initially won the franchise for Thames Trains and Thameslink. These contracts were subsequently taken by another party when they ended. Go-Ahead acquired the franchises for South Central (re-branded as Southern) as well as Southeastern, making Go-Ahead the largest commuter train operator in London.

Privatisation

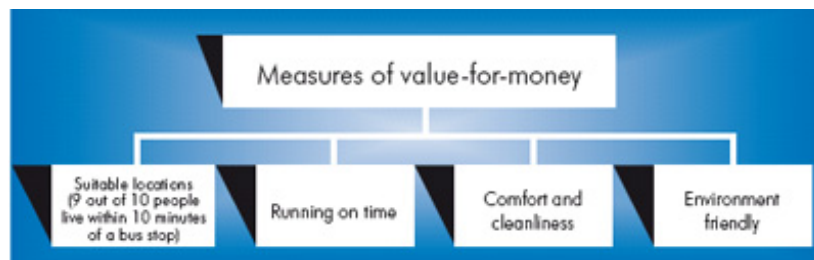
Privatisation benefits passengers of companies and other transport users. There are now more companies offering bus/train services on popular routes so passengers can choose who to travel with. Managers at Go-Ahead know that its passengers can choose other bus services. In a privatised industry the emphasis is on giving customers value for money and choice, such as Go-Ahead. Competition benefits customers because the different companies lose passengers if they do not offer good services.

In a privatised industry the emphasis is on giving customers value for money and choice.

Throughout the travel industry the government still has some control over privatised companies by setting out rules about what they are able to do, e.g:

- * Rail – the government uses its control during the franchise bidding process, after which companies have to operate within the scope of the agreed franchise.
- * Deregulated buses (outside London) - the Traffic Commissioners can monitor compliance to published timetables, etc. They can impose fines for companies providing poor timekeeping, etc.
- * London Bus – Transport for London has a greater level of control in this area. It sets fares, timetables, etc but is outside central government control.

Measuring performance



Tight performance standards are created – for example, relating to the punctuality of services. Companies failing to meet these standards suffer tough fiscal penalties. Contracts (for regulated bus and rail franchises) are renewed every few years. At these times competitors can bid to take over certain routes. As a result, privatised transport companies will only survive if they offer customers value for money.

Consultation

Go-Ahead consults passengers and employees. It has discovered that the most important factors that influence the choice to travel by public transport are:

- * reliability, convenience and punctuality
- * accessibility for all
- * safety and security
- * affordability.

Privatised companies, such as Go-Ahead, have to identify what customers want and provide the required services. Customers will only use their buses and trains if they want to. It is therefore essential to take a market-orientated approach where customers' needs are put first.