

Out of Service Buses

Could more 'out of service' buses be brought into passenger use?

May 2010



London TravelWatch is the official body set up by Parliament to provide a voice for London's travelling public.

Our role is to:

- Speak up for transport users in discussions with policy-makers and the media;
- Consult with the transport industry, its regulators and funders on matters affecting users;
- Investigate complaints users have been unable to resolve with service providers, and;
- Monitor trends in service quality.

Our aim is to press in all that we do for a better travel experience all those living, working or visiting London and its surrounding region.

Published by:

London TravelWatch
6 Middle Street
London EC1A 7JA

Phone: 020 7505 9000
Fax: 020 7505 9003

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Executive Summary

Operators consider that turning 'out of service' mileage (known as dead mileage in the bus industry) into passenger service would not be feasible in all circumstances and that a case by case approach to assessing proposals is needed.

The additions to the network offered by turning 'out of service' mileage into passenger use are nominal in core areas of the route network. However, in certain circumstances, such as a limited night bus services and the creation of links to key places in the 24/7 economy (such as onward links to Heathrow by route 65 at Ealing Broadway), cases could be made for additional journeys, especially to / from garages, to be run in passenger service.

The current tendering regime, whilst allowing non-compliant tender bids, does not make clear the relative weight attached to operators offering service variations, including the conversion of 'out of service' mileage into passenger use. There may be both passenger benefits and possibly more competition between operators if they were to be encouraged to propose more substantial service variations.

Increased competition for operating tenders may not deliver benefits to the travelling public due to the rigid specification set by TfL and any move away from the existing contracting regime where TfL takes the revenue risks (gross-cost contract) towards operators taking revenue risk (net-cost contract) has uncertainty.

The supply of passenger focused back office systems such as real time passenger information is best left with a single, centrally arranged supplier to ensure consistency of the offer to the public.

1 Introduction

Bus services in London are operated by a small number of, generally large, bus companies. Services are delivered by operators based at a limited number of bus garages distributed across London. Generally these garages have at the same location for many years with their origins in the pre-privatisation era. Ownership of a garage, well located adjacent to a particular bus route, gives the garage owning bus company a clear advantage in competing to operate the route.

However, not all bus services will have garages well located for the route and will be operated from bus garages remote from the route. This means that buses will often operate between the start and finish of a given route carrying no passengers. Sometimes, for other operational reasons, buses will also travel regularly 'out of service'.

We know from our casework that passengers often notice buses regularly pass by them empty. They know where the bus is going and wonder why it cannot stop and pick them up.

Examples of these include:

- Streatham Vale residents wanting the 255 to run in passenger service from Thornton Heath garage, especially when the 60 was unreliable;
- Passengers in Potters Bar and Hadley Wood have argued that they would like to travel on the 263 journeys between Potters Bar and Barnet;
- Route 73 currently runs on to Seven Sisters at certain times of day – however passengers would like it to run it all times.

To try and understand these issues better London TravelWatch commissioned JMP Consultants to investigate, with bus operators, the issue of 'out of service' bus running.

Whilst this work was being commissioned the issue of bus contracting (net-cost versus gross-cost contracts) in London was being investigated by the Mayor. We therefore also asked JMP to discuss the contract regime issue with bus operators to inform our views on this. The findings on this subject are set out in Appendix C.

Appendix A sets out a number of case studies of a selection of routes which were examined for the potential for conversion of existing dead mileage for public use.

2 Methodology

The selection of routes included some highlighted by London TravelWatch's casework, some that are remote from their operating base, others which pass their garage and another route that is both distant from its base and worked by an operator who had services both within the London franchised network and other bus work.

The selection of routes represented a range of the operating conditions found in London from a heavily trafficked route in zone 1 (route 73) to key trunk services (routes 68/X68) and suburban operations (route 463).

The primary source of information was the operators of the routes, as they have the most up-to-date local knowledge of operating conditions and practices concerning their routes. Discussions with operators allowed JMP to assess the issues surrounding making 'out of service' mileage run in passenger service and whether the current contractual arrangements for running bus services in London would allow this.

In addition, JMP questioned operators about key operational issues such as supervisory practices, rostering and driver recruitment / retention to ensure a full picture was gained.

The methodology was developed to enable the reaction of operators to be gauged in respect of turning 'out of service' mileage into passenger services.

Following identification of the range of routes to be examined operators were contacted and a specific set of questions posed. The questions revolved around four key areas:

- Ease of operation away from the operating base, particularly in relation to crew flexibility;
- Cost / time implications of 'out of service' mileage;
- Other operational and supervisory issues related to 'out of service' mileage / routes operating remotely from the operating base;
- Any wider comments regarding the tendering regime relevant to 'out of service' mileage.

The routes selected were:

- 65, Kingston to Ealing (London United)
- 68 / 468 / X68 / N68 group of routes between Coulsdon (N68), Croydon to Euston (London Central)
- 73, Tottenham / Stoke Newington to Victoria (Arriva London North)
- 123, Wood Green to Ilford (Arriva London North)
- 263, Archway to Barnet Hospital (Metroliner)
- 463, Coulsdon to Mitcham (Epsom Buses / Quality Line)

A review of each route was undertaken and its context within the overall bus network considered. The potential for conversion of 'out of service' mileage to passenger service was assessed.

A final recommendation on each route was then drawn from this information and the operators' responses. Finally, JMP identified general conclusions in relation to the conversion of 'out of service' mileage to passenger use.

In parallel to the 'out of service' mileage study JMP discussed with operators their general operating practices and recruitment levels, to gain an understanding of their views on TfL's conditions of contract and tendering practices. This was to help inform London TravelWatch's response to the review of TfL bus and the bus contract tendering system recently instigated by the Mayor (the KPMG report: Independent Strategic review of the provision of bus services in London). In particular, JMP sought, through a range of general questions and the response to the 'out of service' mileage questions to establish operators' flexibility to respond to changes that the review might propose.

To undertake the second element of the commission JMP focused the questioning on the following key areas:

- Driver retention and recruitment;
- The share of business derived from TfL;
- General comments in relation to the tendering regime and the amount of innovation allowed;

- Willingness to tender for contracts outside the usual operating area.

In parallel to the discussions with operators JMP reviewed the tender documentation for TfL bus services and the conditions of tender in order to establish if barriers existed to changes in operating practices and innovations such as the conversion of 'out of service' mileage to passenger service.

3 Operators' comments

Operators were broadly of the view that for a number of reasons the conversion of 'out of service' mileage to passenger service would not be a practical proposition in the majority of cases.

Key reasons stated for this were:

- Duties and bus working were optimised against the passenger service mileage that the contract requires to be delivered. 'Out of service' mileage could result in diversions from the most direct route between garages and route starting / finishing points, leading to inefficient duty schedules
- The network of services in London offered sufficient coverage of all areas at all times of operation. The night bus network of services offers 24 hour coverage on most key routes and corridors. At the times 'out of service' mileage converted to passenger service would operate in many cases this would duplicate existing services.
- The financial rewards from the TfL tendering process for adding additional passenger service mileage to a route would be marginal and given the overall value for money test in the tendering process hold little attraction over a compliant tender with no 'out of service' mileage.
- Many of the new journeys created would be outside the normal day time route pattern and usage would be low due to the nature of the new links created.
- Retendering could result in a new pattern of services to link up to a new operator's base

Operators were keen to develop innovative proposals if they considered it would give their tender bids a unique selling point. They did however note the highly prescriptive nature of the TfL tendering system and the limited ability they had to influence route specifications with their local operational knowledge. On the basis that the operators have local experience to input TfL may benefit from operators being involved at a general level in the setting of tender specifications.

The issue of excessive 'out of service' mileage was of commercial and operating concern to bus companies in seeking to develop their businesses. It was commonly agreed that any tender that required 'out of service' mileage of greater than 15% was unwinnable. Operators raised issues about control and driver changeovers at

the margins of their networks but did note that the iBus system has made this issue of less importance.

Operators felt that 'out of service' journeys serving crew changes could not be converted to passenger service due to the need for flexibility and the use of taxis etc to provide these journeys.

For operators to suggest in tender bids the conversion of 'out of service' mileage TfL should give a clear indication as to the value of such proposals –operators told JMP they are uncertain of TfL's reaction.

It would be of great assistance if TfL would confirm its 'out of service' mileage policy, even if only to treat each case on its merits against a specified set of criteria.

The operators considered that the conversion of 'out of service' mileage into passenger service would not be feasible in all circumstances and that a case by case approach to assessing proposals would be needed.

That noted, there are opportunities for the conversion of 'out of service' mileage to passenger service, especially where minimal night bus routes exist or the creation of links to key places in the 24/7 economy (such as onwards links to Heathrow by route 65 at Ealing Broadway).

The conversion of journeys used for staff transport / crew changes was seen as impractical due to the flexible nature of these operations.

The key to greater use of 'out of service' mileage was seen as a greater weighting to such proposals in the TfL tendering system and clearer understanding of TfL's assessment of tender proposals, especially innovative submissions.

The view that routes which left an operator with more than 15% 'out of service' mileage were not winnable through the tender system leaves operators with difficulties in breaking out of their traditional areas. Whether the conversion of high levels of 'out of service' mileage would be attractive to TfL is unclear.

Overall it is suggested that a case by case approach to assessing proposals to convert 'out of service' mileage to passenger service is needed

Although the operators are of the view that limited amenity would result from the conversion of 'out of service' mileage to passenger service it is suggested that no-cost operation of additional journeys is of benefit to passengers. To enable a case by case assessment framework to be developed a range of scenarios for the operation of 'out of service' mileage in passenger service need to be considered. A matrix has been developed (see appendix A) by JMP. The purpose of the matrix is to identify the circumstances in which 'out of service' mileage could be converted

to passenger service. Issues that would need to be considered are identified and the effect of the conversion of 'out of service' mileage to passenger service assessed.

Issues which require examination are:

- Stand Capacity. 'Out of service' Mileage sometimes results in early running giving parking space issues at some bus stands.
- Publicity. Can the roadside and other publicity cope with journeys running part routes or extended beyond the normal terminal points?
- Reliability and Quality Standards. Does a change to running passenger service mileage improve reliability?
- Local route network. The question of duplication of existing services needs to be considered and the location of key journey destinations in relation to any 'out of service' mileage which may be converted to passenger service.

For each issue a generic response is suggested with an overriding issue being a value for money test that TfL apply in all tendering situations

4 Conclusions and recommendations

Operators generally consider that the conversion of 'out of service' mileage into passenger service would not be feasible in all circumstances and that a case by case approach to assessing proposals would be needed.

Additions to the network offered by converting 'out of service' mileage to passenger use is perceived as nominal in core areas on the route network but in certain circumstances such as a limited night bus service and the creation of links to key places in the 24/7 economy (such as onwards links to Heathrow by route 65 at Ealing Broadway) cases could be made for additional journeys, especially to/from garages, to be run in passenger service.

The current tendering regime is seen as stifling innovation but for most operators TfL is their major customer. There may be some scope for more route innovation if this was encouraged by TfL. This may result in more competition for routes and thus reduced costs, but this needs to be balanced against the greater instability this would lead to as different companies proposed different routes.

Should garage journeys be run in service re-tendering is likely to reshape the route network. This could prevent the long term development of an effective passenger base for any services where 'out of service' journeys are opened to passenger use.

The bus market in London is rigidly defined by TfL. Clear specifications exist for all elements of bus service provision.

The contracting regime places no risk or incentive to develop the market by operators in terms of passenger focused activities.

Competition is supply based and, provided the contracted quality and reliability standards are met, operators have no financial or other reward for exceptional performance beyond the option to extend the contract life under the current "quality plus" arrangements.

In the short term a move to passing greater revenue risk to operators must be seen as of questionable sustainability given previous experience.

The supply of passenger focused back office systems, such as real time information, is best left with a single, centrally arranged supplier to ensure consistency of the offer to the public.

Appendix A – route specific case studies

Route 65

Route 65 operates from Kingston on Thames (Brook Street) to Ealing Broadway via Richmond and is 15 kilometres in length. It is operated by London United from Fulwell (FY) bus garage the route is remote from the garage at all points. The night service has recently been extended to Chessington, World of Adventures via route 71. Unusually this retains the 65 number rather than the usual TfL practice of designating an N prefix for a night deviation from the normal daytime route.

Currently route 65 operates on a Quality Plus contract from TfL, awarded in February 2002 for 5 years, with an extension for good performance which is now operating. The vehicles used are Dennis Trident low floor double-deckers with a peak vehicle requirement of 20. Typical operating hours are 0500 to 2359, with frequencies of 7/8 minutes at peak times, every 12 minutes during evenings, every 10 minutes during the main part of Sunday and every 30 minutes between 2400 and 0500 nightly.

The timetable indicates that all buses are scheduled to start and finish service at either Kingston or Ealing Broadway, thus leading to 'out of service' mileage.

The route network in the areas served by route 65 indicate that the conversion of 'out of service' mileage on this route to the passenger service would not generally be duplicated by other services at the times that such mileage would be operated. The present 'out of service' journey from Fulwell to Kingston is straightforward and would create little additional cost, but offer minimal additional passenger facilities as this section of route is covered by existing services. Over the section of route that could operate in passenger service between Fulwell and Ealing Broadway, there are likely to be time penalties when compared to running directly between Fulwell and Ealing. This would result in additional cost to TfL but would provide a valuable link, especially with the connections available at Ealing Broadway Station.

Route 68

Route 68 operates from West Norwood Station to Euston via Elephant & Castle and Camberwell and is 13 kilometres in length. The service is operated by London Central from Camberwell (Q) bus garage. The route passes near to the garage in Denmark Hill, which is approximately 0.1 mile from Camberwell bus garage.

Currently route 68 operates on a quality contract from TfL which was awarded in April 2006 for 5 years. The vehicles used are double deck, low floored buses, which are either Volvo B7TLs or Wright Eclipse Gemini types. There is a peak

vehicle requirement of 21. Typical hours of operation are 05:20 to 00:45. The frequency of the service is 7-8 minutes in the day time, and 12 minutes on Sundays and evenings. Night Bus N68 covers the same general corridor and also runs from Camberwell bus garage under the same contract as route 68.

Examination of the timetable indicates that all buses are scheduled to commence and finish service at either West Norwood or Euston Station, thus leading to 'out of service' mileage on their return to the depot at Camberwell.

The route network in the areas served by route 68 is very comprehensive such that 'out of service' mileage on this route to public use would generally be duplicated by other services at the relevant times, particularly over the section of route from Camberwell to Central London. Additional benefits to passengers over this section would be minimal. Over the section from Camberwell to West Norwood less duplication would occur, but the likely benefit would be minimal.

Route X68 operates from Russell Square to West Croydon Bus Station in peak hours only, in the direction of peak travel. The route operates non-stop over a section of route between West Norwood and Waterloo. It operates in conjunction with route 68 and is part of the same contract run by London Central from Camberwell (Q) bus garage. The route passes near to the garage in Denmark Hill which is approximately 0.1 mile from Camberwell bus garage, but does not stop in the vicinity as this is on the non-stop section of route.

Currently route X68 operates on a quality contract from TfL, awarded in April 2006 for 5 years. The vehicles used are double deck, low floored vehicles - either Volvo B7TLs or Wright Eclipse Gemini types, with a peak vehicle requirement of 10. Typical hours of operation are between 05:50 and 09:48 in the morning peak and 15:50 and 19:57 in the evening peak. All buses commence at either Russell Square or West Croydon bus station and operate in the direction of peak travel only.

The route network in the areas served by the X68 is very comprehensive such that converting 'out of service' mileage on this route to public use would generally be duplicated by other services. The section of route from West Norwood to Russell Square is covered by route 68 and the section from West Norwood to Croydon by route 468. Night Bus N68 also covers the same general corridor. The efficient operation of route X68 in light of its peak only operation and the 'out of service' mileage involved needs to be considered against the volume of passengers on the central London to West Norwood corridor, the direct links created between central London and areas between West Norwood and Croydon.

The 468 is one of London's longer routes, operating between Elephant & Castle and South Croydon. The number reflects the fact that it parallels the 68 for a substantial part of its length, and it was once the southern section of the 68. It was split from the 68 in 1994. The service is operated by London Central from

Camberwell (Q) bus garage. The route passes near to the garage in Denmark Hill, which is approximately 0.1 miles from Camberwell bus garage.

Route 468 operates on a quality contract from TfL, which was awarded in April 2006 for 5 years. The vehicles used are double deck, low floor Volvo B7TLs Wright Eclipse Gemini types, with a peak vehicle requirement of 25. Typical hours of operation are 04:15 to 00:38. The frequency of the service ranges 6-8 minutes in the day time, and 12 minutes on Sundays and evenings. Night Bus N68 covers the same general corridor and also runs from Camberwell bus garage, but under the same contract as route 68.

The route network in the areas served by route 468 is very comprehensive between Camberwell and West Norwood, such that converting 'out of service' mileage on this route to passenger service would generally be duplicated by other services on this section. However, south of West Norwood route 468 is the main service over many sections of road. In addition, the current situation with long 'out of service' trips from the garage and limited stand capacity at South Croydon (Swan and Sugar Loaf) would suggest that the conversion of some 'out of service' journeys would be welcome.

Route N68 covers the full corridor of the 68, X68 and 468 routes, operating from Old Coulsdon (Tudor Rose) to Tottenham Court Road Station. The southern extremity of the N68 is covered by route 60 which operates from Old Coulsdon (Tudor Rose) to Streatham Bus Garage.

Currently the N68 operates on a Quality Contract from TfL, which was awarded in April 2006 for 5 years. The contract covers route N68 and the day route 68. The vehicles used are Volvo B7TLs Wright Eclipse Gemini low floor double-deckers, with a peak vehicle requirement of 6, vehicles being drawn from the allocation for route 68.

The times for operation of the N68 overlap with the operation of day routes 68 and 468. Continuity of service is thus ensured, even when British Summer Time commences.

The main role of the N68 is to ensure a service is operated over the complete corridor.

'Out of service' mileage is operated between Camberwell Bus Garage and Tottenham Court Road Station or Old Coulsdon (Tudor Rose). The stand at Old Coulsdon (Tudor Rose) is limited in capacity and shared with route 60. At the beginning and end of the traffic day for route 60 a lack of stand space may result, especially when vehicles arrive early. Planned highway works at Tottenham Court Road Station for the Crossrail project may limit stand capacity at this point, again this would be exacerbated by early running.

It is understood the N68 is operated by a dedicated roster of drivers. This may lead to early departures from the garage and the issue noted above. Running these 'out of service' journeys in passenger service would lessen the possibility of early arrival making stand management more effective. As with route 468 south of West Norwood this service is the main service over many sections of road. In addition, the current situation with long 'out of service' trips from the garage would suggest that conversion to passenger journeys would be welcome.

Route 73

Route 73 operates from Seven Sisters Station to Victoria Station and is 13 kilometres in length. The service is operated by Arriva London North on a Quality Contract from TfL. The garages operating route 73 are located at Lee Valley (LV) and Tottenham (AR). Lee Valley is 3.9km north of the start of the route and Tottenham is immediately north of Seven Sisters. A number of buses on route 73 are scheduled to start and terminate at Stoke Newington Common, short of Seven Sisters. Currently on Mondays to Fridays there is no service between Seven Sisters and Stoke Newington between 0810 and 1000, and 1630 and 1855. Between Stoke Newington and Seven Sisters on Mondays to Fridays there is no service between 0630 and 0930, and 1610 and 1810. Garage journeys to and from Tottenham garage are made in passenger service but those to and from Lee Valley operate 'out of service'.

The buses used are 18 metre Mercedes Benz Citaro articulated. The peak vehicle requirement on the route is 43. Typical operating hours are 04:18 to 00:47 from Seven Sisters to Victoria, and 05:15 to 01:51 from Victoria to Seven Sisters. The service has a daytime frequency of 6 minutes, and 3½ to 4 minutes in the peak. The night bus, the N73 runs from Walthamstow to Victoria half hourly from 23:41 to 06:18 weekday nights and every 15 minutes at weekends.

Examination of the timetable confirms that that 'out of service' running occurs on the journey between Seven Sisters station and the depot at Lee Valley.

The route network in the areas served by route 73 is very comprehensive such that converting 'out of service' mileage on this route to passenger use would generally be duplicated by other services at the relevant times. The coverage given by the N73 in addition to the 73 day route suggests that conversion of 'out of service' mileage to passenger service would be of little benefit. Lee Valley garage is an out-of-the-way location, remote from passenger objectives so little benefit would be gained by running in passenger service.

The Mayor has indicated his intention to replace the articulated buses on route 73 by the end of 2011, in line with his policy of removing such vehicles from service. London TravelWatch is opposed to this policy, because we believe that is not in the best interests of passengers. However, should the 73 be changed to double deck

operation with revised frequencies, it is recommended that the issue of out of service' mileage, and also the lack of service at certain times between Stoke Newington and Seven Sisters on Mondays to Fridays is addressed at the time that this proposal is put forward.

Route 123

Route 123 operates from Ilford High Road to Wood Green Station and is 19km in length. The service is operated by Arriva London North and is based at the Tottenham (AR) garage on Phillip Lane which is situated on the route.

Currently route 123 operates on a 5 year Quality Contract from TfL. The vehicles used are 10 metre B7TL ALX400 low floor double-deckers. The service has a peak vehicle requirement of 18. Typical operating hours are 05:00 to 01:34. The service has a daytime headway of 10 minutes, and 15 minutes on Sundays and evenings. The timetable suggests that at night, two services stop short at Tottenham, to return to the Tottenham depot. In the morning services also begin at Tottenham at 04:57.

The route network in the areas served by route 123 indicates that conversion of 'out of service' mileage on this route to the passenger service would generally be duplicated by other services. There is, however, a significant section of route from Forest Road to Woodford Road over which additional services at the times 'out of service' mileage would operate would allow journeys, in the direction of Ilford particularly, to be made available to public use. The importance of the link across the Lee Valley created by route 123 may increase during the build up to the Olympic Games.

Route 263

Route 263 runs from Barnet Hospital to Holloway Road. Until February 2009 the route terminated at Archway Station but as part of a recent re-tendering exercise the contract for the 263 includes the extension to Holloway Road. The route is 13.5 kilometres long. Vehicles for the route are presently garaged at Potters Bar (PB) bus garage.

The service was operated prior to February by Metroline on a Quality Plus Contract from TfL, which was awarded on in February 2002 for 5 years. This was extended as a result of good performance. In the re-tendering Metroline were again successful also on a Quality Plus contract basis. Typical operating hours are 05:30 to 00:50. The service has a daytime headway of 10 minutes, and a Sunday and evening headway of 12 minutes.

The vehicles used on the route are low floor Dennis Trident 9.9m or Plaxton President double-decker buses. The service has a peak vehicle requirement of 16

vehicles in the week and 17 vehicles on Saturdays. All journeys start or finish at Barnet Hospital or Archway Station. A special school journey also operates.

The route network in the areas served by route 263 is very comprehensive such that converting 'out of service' mileage on this route to passenger use would generally be duplicated by other services at the relevant times. The majority of 'out of service' journeys operate between Potters Bar and Barnet Hospital with only a nominal number of 'out of service' journeys to Holloway Road / Archway. The location of the garage at Potters Bar is remote from the route at its northern end and this may compromise the establishment of highly efficient driver schedules.

Route 463

Route 463 runs from Coulsdon South Station to Pollards Hill. The route is just over 18 kilometres long. Vehicles are garaged in Epsom, which is a considerable distance from the route. The service is currently operated by Epsom Coaches / Quality Line on a 5 year tendered Quality Contract from April 2004.

Quality Line currently operates the route with a fleet of 8.5m Optare Solo low floor, single deck vehicles. The service has a peak vehicle requirement of 8. The service has a daytime headway of 20 minutes and 30 minutes in the evening and on Sunday. The operating day is typically from 0545 to 2400 with a later start on Sunday. All services either begin or terminate at Coulsdon South Station, or Pollards Hill.

Discussions with Epsom Coaches / Quality Line highlighted a number of practical considerations in the operation of route 463. The route is operated by a dedicated team of drivers whom are ferried to the route by car. A number of such movements occur during the working day and are linked with driver changes on other Epsom Coaches / Quality Line routes.

The route network in the areas served by route 463 is very comprehensive such that converting 'out of service' mileage on this route to passenger use would generally be duplicated by other services at the relevant times. Epsom Coaches / Quality Line felt that there would be a limited market for travel between Epsom and Coulsdon / Pollards Hill especially with the garage being located in an industrial area of Epsom.

Appendix B – Matrix of issues

Issues for consideration pertinent to the conversion of ‘out of service’ mileage to passenger use

NB: The bus industry use the phrase ‘dead mileage’ to refer to ‘out of service’ and ‘live mileage’ to refer to passenger service.

Garage off line at end of route

Stand capacity: This may reduce the need to provide separate stands at the beginning and end of routes

Publicity: No issue as individual stop timetables only show the times of buses that stop there.

Reliability and Quality Standards: No issue, unless there is congestion

Local route networks: Additional service possible and may be beneficial for passengers if garage is located in key areas

Value for money assessment: Likely to be positive, as additional live mileage possible at no or little extra cost

Garage on line of route

Stand capacity: No change but improved timing may lower the need to provide separate stands at the beginning and end of routes

Publicity: Short workings will need to be identified, but individual stop timetables make this much easier to show

Reliability and Quality Standards: May improve as journeys arrive at set times rather than at random when out of service

Local route networks: Additional short working services possible and may be beneficial for passengers

Value for money assessment: Likely to be very positive, additional live mileage at no extra cost

Garage off line at midpoint of route and dead mileage follows route

Stand capacity: Generally no change but improved timing may lower need to provide separate stands at the beginning and end of routes

Publicity: Short workings will need to be identified, but individual stop timetables make this much easier to show

Reliability and Quality Standards: May improve as journeys arrive at set times rather than at random when out of service

Local route networks: Additional short working services possible and may be beneficial for passengers

Value for money assessment: Likely to be positive, additional live mileage at no or minimal cost

Garage off line at midpoint and dead mileage does not follow route

Stand capacity: Generally no change but improved timing may lower need the need to provide separate stands at the beginning and end of routes

Publicity: Short workings will need to be identified, but individual stop timetables make this much easier to show

Reliability and Quality Standards: May improve as journeys arrive at set times rather than at random when out of service

Local route networks: Additional short working services possible, although route numbering may be an issue. Short workings off-route could carry a more appropriate route number. There may be a trade union reaction to the principle of multi-route working

Value for money assessment: Likely to be very positive, additional live mileage at minimal cost

Garage off-line at midpoint of route and dead mileage substantially follows route

Stand capacity: Generally no change but improved timing may lower need to provide separate stands at the beginning and end of routes

Publicity: Short workings and route variations will need to be identified on individual stop timetables

Reliability and Quality Standards: May improve as journeys arrive at set times rather than at random when out of service

Local route networks: Additional short working services possible but minor variations will need to be assessed on merit and target market identified

Value for money assessment: Likely to be very positive, additional live mileage at minimal cost

Extension of route to garage/other location for operational reasons

Stand capacity: This may reduce the need to provide separate stands at the beginning and end of routes

Publicity: No issue as individual stop timetables only show the times of buses that stop there.

Reliability and Quality Standards: May improve as enhanced supervision at garage and availability of in service vehicle cleaning, for example

Local route networks: May produce passenger benefits and reduce the need for interchange

Value for money assessment: Likely to be very positive, additional live mileage at no extra cost

Ad-hoc but scheduled movements for crew relief and vehicle refuelling,
etc

Stand capacity: No change owing to limited nature of movements

Publicity: Issues arise due to random nature of such movements

Reliability and Quality Standards: Limited effect: perception may be worse due to random nature of journeys

Local route networks: Minimal impact on the basis that the random nature of journeys would not have major effect unless meeting a specific market need

Value for money assessment: Likely to be negative, owing to random nature unless specific market identified

Appendix C – JMP comments on bus contract arrangements

Gross versus net contracts

In addition to their discussions with London's bus operators regarding the conversion of 'out of service' mileage to passenger use JMP were also asked to explore the issue raised by the TfL commissioning of bus services, i.e the use of gross-cost contracts (as presently operated whereby TfL assumes the risk for revenue and simply contracts the bus company for the service operated) as opposed to the use of net-cost contracts which mean the bus company operates the service, but collects and keeps the fares).

The operators noted the previous failure in the London context of the use of net-cost tendering to pass more or all revenue risk to operators.

The prime reason for this failure was seen as the intensive nature of the London bus network which made accurate revenue projections on a route-by-route basis difficult and the need for a suitable method of allocating Travelcard and Oystercard revenue between operators and travel mode.

TfL's present contract with London's bus operators

As part of the study TfL supplied its conditions of contract and details of the tendering regime to JMP.

The current contractual structure requires a potential bus operator to, in effect, prequalify for the right to bid for individual route tenders which are normally let in tranches every 3 or so weeks. Pre-qualified operators are required to enter into a framework agreement with TfL. On the award of a tender for an individual route the successful operator is required to enter into a route agreement which details the particulars of the route and financial arrangements.

The framework agreement is specific in the obligations placed on the pre-qualified operator and generally relate to the business probity of the operator. Unlike in the UK rail franchise system defaulting on a route agreement does automatically trigger a default on the framework agreement.

The invitation to tender for individual routes requires operators to provide a tender fully compliant with TfL specification and encourages alternative proposals to be developed. Some of the circumstances suggested by TfL for alternate specifications includes:- "additional journeys - positioning trips which depend on the

location of the operator's base relative to the route could be included as additional journeys along all or part of the route, possibly worked by buses proceeding to or from an operating base".

Assessment of alternative proposals will be on the basis of awarding the contract to the operator submitting the most economically advantageous tender. The invitation to tender offers no clear guidance on how this value for money assessment will be made nor as to the relative weight that would be given to alternative service specifications within the value for money test.

Indeed, the invitation to tender document makes reference to a number of factors such as deliverability and impact on competition within the entire bus network but no details of the relative merits of each area considered is offered beyond a general statement that previous performance will be considered.

For the former London Buses subsidiaries in our sample the key issue facing them is the general increase in competition for tenders in the last 2/3 years. Their traditional core network i.e. that around their key operating bases, have seen incursions by operators from neighbouring areas.

The livening of dead mileage was suggested by a majority to be considered only when the public interest would benefit from such a move. It was, however, noted that what constituted the public interest may change as a result of the review instigated by the Mayor. The consensus was that a case by case basis should be the only way to assess this question.

For the smaller operator in our sample the level playing field and certainty created by the TfL tendering system was seen as a significant advantage compared to the system employed in the shires. The lack of revenue risk and the difficulties in estimating revenue were cited as the interest in bidding for London work along with having a diverse portfolio to ride out the current economic circumstances.

In this situation it could be argued that within the rigid specification set by TfL that the public are receiving good value for money at the point of supply due to the increased level of tender bids and interest from operators on the fringes of the TfL network.

The real issue for the Mayor's review is whether TfL's network / route development activities and tender assessment processes are picking up that value. For London TravelWatch a key issue to highlight in the review will be the need for transparency in the tender process to ensure benefits to the travelling public receive suitable weight.

The rigid TfL specification extends to the supply of "operational equipment" to successful tenderers. Epsom / Quality line had previously broken the monopoly

supply of operational equipment (in this case bus radios) by TfL and had procured its own more reliable system which was compatible with the GPS system fitted to the wider Epsom fleet. The recent development of the Live-bus system has allowed Epsom to revert to using TfL supplied equipment. The key issue here is does the TfL monopoly on the supply of “back-office” equipment serve the operators and the public well. Certainly having a single supplier integrated system for “operational equipment” gives a consistent product to the passenger in terms of information provision and certainty to operators when bidding that the technologies involved will work. The downside is that innovative solutions offering greater passenger benefits may be stifled by the supply side tendering system currently in force. For the London TravelWatch response to the review the key is suggested to be the quality of “back-office” systems that affect the travelling public, RTPI and bus lane enforcement being examples. To ensure consistency the use of a single supplier for each product will ensure consistency across the network.

For operators of London Bus contracts the conditions require adherence to a set of minimum standards for key public facing activities:

- Reliability of service and the QSI assessment regime
- Quality standards for vehicles, including on board security, and drivers
- Certainty of the network and consultation by Transport for London on changes
- Complaints handling processes
- Common conditions of carriage, revenue handling and Travelcard / Oyster acceptance.

In each case the delivery of high quality services is dependant in the first instance of on the attention to detail by the operator and Transport for London where the service, such as complaints handling, can be centralised by the operator asking Transport for London to provide it.

The reliability of service will affect directly usage as unreliable services will make travellers use other modes. The quality of vehicles and driving standards will also affect use of the bus service. Perceptions of old or sub-standard vehicles and poor driving are easily and difficult to lose. Complaints handling is a key area of interest to London TravelWatch given the statutory role of investigating unsatisfactory responses from operators and Transport for London. The Transport for London system of having a set of standard paragraphs for responses to complaints is to some extent dictated by the volume of complaints received and the need to ensure consistency but may not adequately reflect the personal perception of a complaint by the public.

The benefit to passengers of this contractual regime is the certainty of product and the general availability of products such as Travelcard and Oyster.

As a baseline for developing arguments about quality of service the DfT's annual survey of bus passenger satisfaction London as a region scored lowest at 79% satisfaction in the "overall service" category¹.

For the key areas of the London TravelWatch remit to improve the key standards relating to quality, performance and accessibility monitoring and management by Transport for London of operator performance will required to be continued at the current high level in order to ensure standards are maintained.

London TravelWatch's response to the consultation on the review should refer to, as a minimum, the retention of these standards and the development of the standards to include matters that will become of greater interest to the public such as money back guarantees should things go wrong and a single set of standards for reliability which is not dependant on service frequency and in the case of "high frequency routes" the statistical measures employed to measure reliability.

Given the increases competition noted by operators it is possible that to make stand-out bids operators may wish to provide standards above the minimum dictated by the contract terms. Should this be the case it is unclear how any increase in costs would be treated in the value for money assessment.

1. DfT Public Transport Statistics Bulletin GB: 2008 Edition