Transport for London

London’s Bus Contracting and Tendering Process

Contents

1. Introduction

London's bus network is unique in the mainland United Kingdom in that it is regulated. This enables Transport for London to plan, procure and manage a network of services in a consistent and co-ordinated manner. This system, along with adequate funding and collaborative working with other organisations has lead to increased service levels, improved quality of services and significant increases in patronage.

Bus operators compete for contracts to provide specified services for up to seven years, and are rewarded for exceeding defined targets to improve the service to our passengers. Their role is crucial to the current and future success of bus transport in London.

The tendering and contracting arrangements are designed to deliver value for money, balancing the expectations of our passengers against the costs of improvements. The system has been emulated in other countries around the world.

Transport for London is committed to promoting fair and sustained competition to provide bus services in market that is dynamic and unique. This document explains our bus service tendering and contracting process and we look forward to further developing and building on its already proven success.

2. The Market in London – overview

London Bus Services Limited (London Buses) is part of Transport for London (TfL) which is one of the organisations responsible for delivering the Mayor of London's Transport Strategies.

London Buses manages bus services in London. It plans routes, specifies service levels and ensures service quality. It is also responsible for bus stations, bus stops and other support services.

The bus services are operated by privately owned operating companies, which work under contract to London Buses.

Every weekday over 7,700 scheduled buses carry over six million passengers on 675 different routes. Over 120 of those routes run 24 hours a day, seven days a week.

The network is dynamic and responds to London's growth and changing transport needs. Every year up to a fifth of the total bus service is re-tendered, with around half of the network subject to some level of review.

Buses are widely recognised as the best option for increasing public transport capacity in the short-term. Many initiatives are in place to make journeys as easy, reliable, quick, convenient, comfortable and affordable as possible.

The following figures demonstrate how much the bus network has developed in the last few years:

- Bus ridership has grown by 70% per cent between 2000/01 and 2014/15
- Buses in London now carry the highest number of passengers since 1959
- In the year to March 2015, there were 2.4 billion passenger trips on the network
- Bus kilometers in London is higher than at any time since 1957, with 490 million km operated in 2014/15

3. Purpose and Structure of key organisations in London's bus tendering process

3.1. Historical and Political Situation

When London's urban public transport was brought together in 1933 with the support of the London Passenger Transport Board, bus services covered a vast area. At the time, they served much of what is now Greater London, as well as areas in many of the adjacent counties, up to around 35 miles distance from Central London.

From 1970 to 1984, London Transport (LT) came under the direct control of the Greater London Council (GLC) and the area for which LT was legally responsible was also reduced to the present 1,580 sq km (610 sq miles). Cross boundary links were retained and the GLC and county councils took decisions on the funding of those services.

Under the London Regional Transport Act 1984, LT was again brought under central government control. The Act required LT to set up subsidiary companies to run both buses and the Underground.

It also stipulated that, where appropriate, competitive tendering should be introduced to ensure LT operated economically and required less financial assistance from public funds.

In 1986, bus services outside London were deregulated. This meant that any licensed operator could decide to run a new route even if another company already ran a service along the same roads.

Although London was exempted, it was intended that once bus services in the capital had become less dependent on government assistance and steps had been taken to encourage greater competition between operators, deregulation would be extended to include London.

In 1985, LT set up a subsidiary known as London Buses Limited (LBL) to run its bus services. However, route planning and fare structures remained the responsibility of LT.

In the same year, LT set up the Tendered Bus Division to begin the process of competitive tendering. This required LBL to compete against privately owned operators for the opportunity to run individual bus routes on behalf of LT.

The routes were awarded to the operator which could run the best service at the most cost-effective price, and about 40% of the initial contracts were awarded to private companies rather than LBL. It also led to another change as buses began appearing on London's streets in liveries that were not traditional LT red.

As a step towards the planned deregulation of services, LBL created 13 locally based subsidiary companies, each with its own commercial remit.

These companies conducted their own wage negotiations, took appropriate steps to reduce their overheads and competed against each other, as well as private companies, for the contracts to run LT bus routes. The subsidiaries became increasingly successful in competing for routes.

In December 1992, the government announced that the LBL operating companies would be sold into the private sector ahead of deregulation. However, a year later, it decided to postpone deregulation until after the General Election in May 1997, although the sale of the operating companies to the private sector was completed in 1994.

The new government elected in 1997 was committed to reintroducing a strategic governing authority for London. In July 2000, London Transport was replaced by a new organisation called Transport for London (TfL).

3.2. Legal and Statutory Framework

Transport for London and London Bus Services Ltd (London Buses) are required to comply with a number of UK and European statutes and regulations. Some of the key obligations for the provision of bus services are detailed in this section.

The Mayor and the Greater London Authority have a duty to develop and implement policies for the promotion and encouragement of safe, integrated, efficient and economic transport facilities to, from and within Greater London under Section 141 of the Greater London Authority Act 1999 (GLA Act).

Transport for London has functions conferred or imposed on it by the GLA Act which facilitate the implementation of the duties imposed on the Mayor and Greater London Authority under Section 141 of the GLA Act.

London Buses, as a subsidiary of TfL, has powers under Section 169(2) of the GLA Act to enter into transport subsidiary agreements with any person for the provision of any public transport services.

Agreement to operate any bus routes within Greater London must be in accordance with Section 182 (1) of the GLA Act.

London Buses and TfL also have obligations under other more general Acts of Parliament, including the Transport Acts and the Disability Discrimination Act, and under European Union legislation.

3.3. The Mayor & Greater London Authority

The Greater London Authority (GLA) is made up of the elected Mayor of London, the 25 elected London Assembly Members and a team of support staff. The Mayor draws up policies for London's social, economic and environmental development in addition to transport.

The London Assembly examines the Mayor's activities, scrutinising decisions and policies, approves the Mayor's proposed budget before it is finalised and

investigates issues of importance to Londoners. It then uses this information to make proposals and recommendations to the relevant organisations.

The GLA is responsible for a range of services that affect all of London and those that need strategic London-wide planning. These include policing, fire services, economic development and transport. The Mayor sets their budgets and appoints the board members.

3.4. Transport for London

Transport for London (TfL) was created in 2000 as the integrated body responsible for the Capital's transport system and is a functional body of the Greater London Authority. TfL's primary roles are to implement the Mayor of London's Transport Strategy and to manage transport services across the Capital. TfL is responsible for:

- London's buses, the Underground, the Docklands Light Railway (DLR), London Rail, Croydon Tramlink and London River Services
- The Public Carriage Office, Victoria Coach Station and River Services
- The red route network, Congestion Charge, and London's 4,600 traffic lights
- Supporting a range of other ways of moving around the city, including cycling, cycle hire and walking

TfL is directed by a Board whose members are chosen for their understanding of transport matters and appointed by the Mayor of London, who chairs the Board. The policies are implemented by the Commissioner for Transport.

3.5. London Buses

London Bus Services Ltd (London Buses) is part of Surface Transport within TfL. London Buses implements relevant sections of the Mayor's Transport Strategy, and delivers against passenger expectations.

It is the organisation that plans bus routes, specifies service levels and monitors service quality. It is also responsible for bus stations and stops, and other services that support bus services on the road - around the clock. The bus services are operated by private operators, which work under contract to London Buses.

3.6. London TravelWatch

London TravelWatch (LTW) is the official watchdog organisation representing the interests of transport users in and around the capital. Officially known as London Transport Users Committee, it was established in July 2000.

LTW is independent of the transport operators and TfL, although it is sponsored and funded by the London Assembly, which is part of the Greater London Authority. It can assist with complaints about bus services in London where the service provider has not satisfactorily resolved them. London Buses is required by law to consult with LTW regarding proposed changes to bus services, however in practise London Buses consults LTW on a much wider range of issues.

4. The History of London Bus Contracts and Tendering

4.1. The introduction of Competition

Up to 1985 London Transport operated nearly all bus services in London via its wholly owned subsidiary London Buses Limited (LBL). Whilst bus services in the rest of the UK were deregulated in the 1980s, regulation was retained in London but competition was introduced through tendering for individual routes as Gross Cost contracts. A separate unit called the Tendered Bus Division was set up within London Transport to manage the tendering process and initially the competition was between private companies and subsidiaries of LBL. The operators tendered on the basis of all the costs required to operate the specified service, including vehicle, staff and overhead costs, and London Transport retained the fares revenue.

At this time, an unsatisfactorily large number of scheduled journeys simply did not operate - often due to lack of staff or serviceable vehicles. Under the new contracts operating companies were not paid for cancelled journeys within their responsibility (as detailed in Section 6.3). New standards for safety and reliability were also introduced, and contracts could also be terminated for poor performance.

Three distinct types of contract have been tendered since 1985:

- Gross Cost Contracts, between 1985 and 2000;
- Net Cost Contracts, between 1995 and 1998; and
- Quality Incentive Contracts, from 2000 onwards

which are detailed further below.

4.2. Privatisation

In preparation for the proposals of the government of the time to privatise LBL, the company was divided up geographically into 13 subsidiary companies. The subsidiaries competed with private bus companies for tendered contracts. To allow for a controlled programme of tendering, until routes were tendered the subsidiary companies were funded by a ‘block grant’ agreement to cover the net cost of those services.

To allow for privatisation, it was necessary to put in place formal contracts for each route. This meant that after privatisation the tendering programme could continue, allowing all routes to be subject to competition. Government policy at the time was to transfer risk to the private sector, so it was decided that these “block grant” agreements should be on a net cost basis. This shifted the revenue risk to the operators but it also gave them the incentive to generate more revenue by increasing the quality of the service provided.

These net cost contracts were initially not subject to competition as the routes were allocated to each subsidiary and the terms of the contracts were agreed by negotiation. The length of these contracts varied, to give each company a reasonable forward order book, and to allow the network to be tendered over a reasonable timescale. This process is still represented by the current tendering programme.

The process of transferring risk to the private sector continued from 1996 with the introduction of tendered Net Cost contracts, which whilst similar to the Gross Cost contracts transferred the revenue risk to the operator. Contracts were awarded under both Net Cost and Gross Cost terms to deliver the best value to London Transport for each route.

In 1994 the LBL subsidiaries were privatised, either through Management Buyouts or through sales to larger bus operators from outside London. The Tendered Bus Division was merged with other sections such as the LT Planning bus sections to form London Transport Buses. Following the creation of devolved government for London in 2000, under the Mayor and the Greater London Authority, London Transport Buses became London Bus Services Limited (London Buses), a part of Transport for London (TfL).

4.3. Present Contracts

In 2001, Quality Incentive Contracts were introduced to replace Gross Cost and Net Cost contracts as routes were tendered. These contracts are a development of previous contracts, but with direct financial incentives for operators linked to the quality of service. The contracts are an extension of the gross cost model insofar as TfL retains the revenue.

By the late 1990s, the proportion of the scheduled mileage being operated had become more satisfactory. However reliability of all services – the regularity of buses on high frequency routes, and the adherence to the published timetable on low frequency routes - was still a cause for concern. Whilst each route already had a reliability benchmark called the Minimum Performance Standard (MPS), the older Net Cost and Gross Cost contracts had no financial incentive to achieve those targets. Further details of how Quality Incentive contracts work are given in Section 6.

4.4. Tendering and Contracts - Key Features

The key features of London Buses' tendering and contracts system can be summarised as follows:

- Contracts are designed to provide incentives to operators to improve quality
- Routes are generally tendered individually, but often at the same time as other routes in the same area to facilitate service changes.
- Contracts are normally for 5 years, with a potential 2 year performance related extension available to the operator
- It is a continuing programme of tendering, with between 15% and 20% of the network typically tendered each year.
- Tender evaluation is based on best value for money, taking into account quality and safety as essential features
- Contract payments are related to the mileage operated and overall reliability of the service
- Comprehensive quality measurements are used across all aspects of delivery.

5. The Tendering System In London

London Buses reviews every route prior to tender, and takes into account views from statutory consultees including London TravelWatch, London boroughs and other interested parties. This information is used to provide a service specification, which details:

- the route the buses will take (including the terminal arrangements),
- the frequency of the service at different times of the day & the week (including the first and last bus times),
- the type and capacity of vehicles to be used
- the Minimum Performance Standard.

Operators are then asked to provide a schedule to deliver the level of service specified, and the total cost plus profit margin for providing the service to the specification.

5.1. European Procurement Directives

Bus service procurement activities are subject to the European Union's Procurement Directive 2004/17/EC of 31st March 2004 for utilities contracts. This directive has been implemented into UK law via the Utilities Contracts Regulations SI 2006 No. 2911. These regulations are principally concerned with ensuring that the procedures followed allow for fair competition within the EU. LBSL complies with the EU Directive and UK Procurement Regulations.

5.2. Approved Contractors

London Buses operates a pre-qualification system to maintain an approved supplier list and routinely publishes advertisements in the Official Journal of the European Union (www.ojeu.com) seeking expressions of interest. Once a potential operator has expressed an interest, we issue a pre-qualification questionnaire. When a completed questionnaire is returned, a 'desk-top' evaluation is undertaken. This includes an assessment of areas such as the financial stability of the company, health and safety and previous experience in the transport or services sector. Where appropriate visits and meetings are arranged. If the initial assessment is acceptable, the organisation will be added to the approved supplier list for bus services. This does not necessarily mean that the organisation meets all of the requirements to be awarded a contract, but that it meets the basic conditions to be considered further. The organisation may then be able to submit a dummy bid, which will be assessed using standard evaluation principles and feedback given to assist future genuine submissions.

The approved operator will be issued with a Bus Services Framework Agreement which includes full details of the contractual requirements, and a Master Invitation To Tender which includes a guide to submitting tenders. Award of any contract is conditional on the signing of the Framework Agreement.

When approved, the operator will be notified of all bus service tendering opportunities, and asked to confirm if it wishes to be issued with the documentation for each tender on a route by route basis.

5.3. Tendering Programme

London Buses has a continuous programme of tendering with Invitations to Tender (ITT) being issued throughout the year. The rate of tendering is about 15% to 20% of London's bus network each year (circa 90-120 routes, depending on the number of performance related extensions) with ITTs typically issued every 2-4 weeks. The annual tendering programme for each financial year is issued to all approved suppliers, and the latest version is available on the TfL website.

5.4. Types of Route Tendered

Services range from routes which require only one bus, through low frequency midibus routes up to high frequency 24-hour double deck routes. There are also dedicated school bus routes. Rail replacement services are secured on behalf of London Underground, London Overground, the DLR and Crossrail – you can find more information in Section 5.9 below.

Route size varies significantly, with Peak Vehicle Requirements (PVR) ranging from 1 to over 50. Services are classed as either High Frequency (5 buses or more per hour throughout much of the week) or Low Frequency (4 buses per hour or less), and about 82% of the network is High Frequency. The highest frequency routes have a bus every 2-3 minutes, and the lowest frequency have a single return journey per day. Most routes operate from about 0430 until after midnight, but an increasing number of routes run 24 hours per day. Some additional 'nightbus' services only operate between about midnight and 04:30.

5.5. Types of Vehicle Utilised

Vehicles used on contracted services range from 40 capacity midibuses through to 87 capacity double deck buses, depending on the specific requirements of each route. London Buses specifies the minimum requirements for the vehicles within the tender documentation. The operator may choose the vehicle manufacturer as long as the vehicles meet all of the criteria in the vehicle specification.

5.6. Service Specification

London Buses specifies the terminals, routeing, frequency and operating times of the route. It gives an indication of current running times and any significant problems identified with these running times. It also provides current performance & minimum standards required by the new contract. Compliant tender submissions are evaluated against this specification.

5.7. Tender Information and Response

All tenders are submitted on a sealed bid basis with all the relevant information that is required by London Buses for the evaluation. Each submission must have a compliant bid, but operators may put forward alternatives that they believe would have benefits to passengers and/or

London Buses. Alternatives may include options such as use of existing vehicles or variations to the service structure such as routeing or frequency.

5.8. Tender Evaluation

The overriding principle applied throughout the tendering process is one of fairness to all parties. Contracts are awarded with the intention of achieving the most economically advantageous outcome within the resources available to London Buses. The criteria used include (in no particular order, and are not limited to):

- Price
- Ability to deliver quality services - to at least the levels specified in the ITT
- Staffing – ability to recruit, train and retain staff of a suitable calibre
- Premises – status of depot, and/or ability to obtain a suitable depot
- Vehicles – type proposed and any additional features offered. This includes ability to maintain vehicles in an acceptable condition through the life of the contract
- Financial Status – the resources to fund the start up costs and provide stability over the contract term
- Schedules – compliance with the specifications
- Health and Safety Policy and records
- Sustaining competition for tendered routes

Tender evaluation is lead by the Senior Bus Contracts Evaluation Manager and is carried out by a small team of skilled technical and commercial staff. Recommendations for contract awards are discussed and approved by the Tender Evaluation Committee, which is comprised of the directors of London Bus Services Ltd.

During the evaluation, Contracts Tendering managers may contact bidders to clarify any areas of uncertainty and if considered necessary for commercial or technical reasons may enter into further negotiations with shortlisted tenderers.

5.9. Rail Replacement Bus Services

London Buses procures rail replacement services on behalf of London Underground, London Overground, Crossrail and the DLR. Planned services range in scope from one or two vehicle early morning and late evening journeys through to weekend closures requiring 50+ vehicles, and longer term arrangements during major upgrades of lines and stations. Over one hundred contracts are tendered in a typical year, most of which are for weekend closures so buses used on the main bus network during the week are generally used.

The tendering process is similar to that used for network bus services. A separate Framework Agreement exists for rail replacement contracts, but they are tendered under the same legislative procedures as bus services. The prequalification procedure is similar to that described in Section 5.2.

To ensure high standards, contracts for most rail replacement services are operated by companies that also operate London Buses' main network contracts. Sub-contracting to operators that are not pre-qualified is not normally permitted.

The rail operator identifies the scope of the specific rail closure and a strategy for rail replacement is agreed with London Buses. Where a dedicated rail replacement service is required, a specification is produced and pre-qualified operators are invited to tender for one or more periods of closure. If the same closure occurs again within a year of the original tender, London Buses may invite the successful tenderer to operate the service again at the same cost.

Emergency rail replacement services following major service disruption are also managed by London Buses.

National Rail operators make their own arrangements for replacement services.

6. Quality Incentive Contracts

Quality Incentive Contracts were introduced in 2001 and have delivered significant improvements in service quality and passenger numbers. These contracts are based on gross cost contracts but also contain incentive provisions in the form of performance payment bonuses & deductions and the option of a two year contract extension. The routes/contracts are tendered for an initial period of five years and when awarded contain a specific Minimum Performance Standard (MPS) which will generally be fixed for the life of the contract and which reflects the particular characteristics of the route.

The contract price is adjusted each year in respect of inflation on the anniversary of the deadline date for tender submission. A formula which is designed to be representative of the actual movements in the cost base using a number of indices (e.g. labour rates, the Retail Price Index and fuel costs) is used to calculate these adjustments

6.1. Incentive Provisions

In addition to the requirement to operate the scheduled mileage two further incentive provisions exist within the Quality Incentive Contract.

6.1.1. Reliability Performance Payments

These are calculated on an annual basis by comparing the Operator's annual reliability performance on each route against the contracted MPS. Payments are based on a graduated scale with an increase or decrease in the payment for every whole 0.10 minute change in Excess Wait Time (EWT) for High Frequency routes and every whole 2.0 percentage point change in percentage On Time for Low Frequency routes. Bonus payments are paid at a rate of 1.5% of the contract price for each step above the standard. Deductions are made at a rate of 1% of the contract price for each step below the standard. Bonus and deduction payments are capped at 15% and 10% respectively of the contract price.

6.1.2. Contract Extensions

Under the terms of the contract an Operator is entitled to an automatic two year extension of the contract if it meets or exceeds the reliability "Extension Threshold" criteria set in the tender documentation for that route. This reliability threshold is slightly higher but related to the reliability MPS.

Where a route qualifies for an extension, it is offered on the basis of the current contract provisions. The operator can choose to accept or reject the contract extension. If the operator declines to accept the extension, the route is tendered in the usual manner. If the extension is offered, the route is withdrawn from that year's tendering programme, and is tendered two years later.

A small minority of routes are not operated under full incentive mechanisms (e.g. school and other very low frequency services). Furthermore some routes may operate under partial incentive provisions e.g. Performance

Payments may be applicable but contract extensions may not be available for routes funded by some third parties. These are detailed in each ITT.

6.2. Minimum Performance Standards

The primary objective of bus operators is to safely operate all of the scheduled mileage and adhere fully to the level of service shown in the published timetable. London Buses sets specific MPS in respect of the quality of service to be provided. The measurement criteria for reliability used depend on whether the route is designated High or Low frequency, and are detailed further in Section 7.4. The specific reliability standard for each route depends on a set of consistently applied criteria, including the length and average journey time of the route, the type of areas it serves (such as congested town centres) and recovery time available at termini.

6.3. Payment Adjustments for Service Reliability

Whilst operators are expected to operate the full contracted service this is not always possible for various unpredictable reasons, including mechanical breakdowns, staff sickness, roadworks, road closures and other incidents on or near buses. London Buses specifies an acceptable minimum performance standard for mileage operated for each route.

Any mileage that is not operated can be split into two categories:

- “Deductible Lost Mileage” (mileage not operated but considered to be within the Operator’s reasonable control i.e. staff absences, mechanical breakdown); and
- “Non Deductible Lost Mileage” (beyond the Operator’s reasonable control i.e. adverse traffic conditions).

Operators are not paid for any mileage not operated under the category of “Deductible Lost Mileage”, and a deduction is made in proportion to the annual contract price and scheduled mileage. Deductions are not made for “Non Deductible Lost Mileage”, although poor performance in this area is kept under review.

6.4. Contract Payments and Revenue

London Buses operates on the basis of 4 week accounting periods, with 13 periods each year running from April to March. Contract payments are made by BACS. 75% of the contract price is paid during the relevant period. The balance, less deductions for Deductible Lost Mileage, is paid at the end of the following period.

Payments (and deductions) under the reliability incentive scheme are made annually.

6.5. Summary of Responsibilities

The contractual and tendering system places responsibilities on both London Buses and operators.

London Buses, or its third party contractors:

- Determines and runs the tendering programme
- Determines the route
- Specifies the frequency
- Sets and monitors quality and safety standards
- Sets vehicle capacities and minimum standards
- Agrees the schedule prepared by the operator
- Sets fares and retains the revenue
- Supplies and maintains ticket machines
- Provides revenue protection (on-bus revenue protection inspectors)
- Supplies and maintains radio and vehicle tracking equipment
- Provides and maintains bus network infrastructure (bus stops, stands and bus stations)
- Provides an emergency communication facility (CentreComm) 24 hours a day
- Provides roadside staff to deal with diversions and major incidents 24 hours a day
- Markets the bus services to the public
- Manages liaison with local authorities and other stakeholders
- Coordinates public customer service contacts – complaints, comments and compliments
- Invests in major network and infrastructure projects.

The Operators:

- Develop and submit bids
- Develop timetables, schedules and staff rotas – timetables must be agreed with London Buses
- Provide and maintain premises and vehicles
- Recruit, train and mange sufficient staff of a suitable calibre
- Manage the day to day operation of routes
- Provide day to day supervision of routes, to maintain quality and deal with disruption
- Control the use of passes and collect any cash revenue on buses
- Comply with UK statutory and regulatory regimes, including Operating Licenses
- Provide data that is reasonably required by London Buses.

7. Measuring Quality of Performance

7.1. Targets

The Mayor and the TfL Board set performance targets for London Buses within TfL's Business Plan.

7.2. Monitoring Systems

London's Buses have seen a considerable increase in quality standards since 1990, and continually seeks to maintain year on year improvements to the service provided to passengers. To do this, there are a number of performance monitoring systems in operation, in addition to any other system operators may use for their own management processes. The data obtained by London Buses is normally shared with the appropriate operator, and network level data is also published for many measures, and is normally available on TfL's website.

London Buses tries to avoid duplicating the monitoring systems of other UK organisations.

The current measurements and monitoring are as follows:

7.3. Mileage Operated (excluding traffic and other non deductible losses)

This measure is used as an incentive by London Buses, as deductions from contract payments are made for mileage that is lost for reasons that are reasonably within the control of the operator. These include non availability of staff and vehicles not being mechanically fit to be used on the road. This has shown a vast improvement over the last 10-15 years.

7.4. Reliability

This forms part of the assessment of an operator's ability to schedule, control and adjust services. It also forms the basis of financial bonuses and deductions on incentivised contracts. The iBus system which tracks vehicles and provides real time passenger information provides the data to calculate reliability data. The measurements are different for high and low frequency routes:

7.4.1. Regularity on High Frequency services

On services that are defined as High Frequency – five or more buses per hour throughout most of the week – London Buses measures the interval between buses and compares it to the advertised frequency. The aim is to ensure that the buses are evenly spaced, and that on average a passenger should not have to wait for longer than half of the advertised frequency. On High Frequency routes, it is considered that passengers can "turn up and go" as the waiting time should be relatively short and the timetable is less important.

The measure is expressed as "Excess Wait Time" (EWT), which is defined as the extra time that passengers have had to wait above the expected waiting period. The objective is to reduce EWT to zero.

Additionally, ‘long gaps’ in service are measured, which tend to indicate more fundamental problems such as cancelled buses, curtailments and poor service control leading to ‘bunching’.

7.4.2. Punctuality on Low Frequency services

On Low Frequency routes - four buses per hour or less throughout most of the week – London Buses measures how close the departure time from the stop is to the advertised timetable. On these routes, the timetable is more important as passengers are more likely to rely on the published departure time when planning their journey.

The measure is expressed as a percentage of departures that are “On Time”. On Time is a window from 2½ minutes earlier than expected to five minutes later than expected. The objective is to increase “On Time” departures to 100%.

Additionally the percentage of journeys running “Early” is also monitored, where early is defined as a bus departing between 2½ and eight minutes ahead of the schedule. It is normally considered that there is little excuse for early running, as passengers may not have arrived at the stop.

7.5. Driver and Vehicle Quality Monitoring

The Driver and Vehicle Quality Monitoring Programme provides robust and actionable data on which bus operating companies can also use to improve performance. The programme builds on earlier Mystery Traveller Surveys and objectively monitors service quality and compliance with contractual requirements utilising auditing and ‘mystery shopping’ survey techniques to measure pre-defined, key aspects of service delivery.

The research is conducted on London Buses’ behalf by a leading market research agency, and comprises two compatible surveys:

- Static audit of buses in service assessed at bus stands to evaluate ‘fixed’ aspects of service delivery (e.g. etching, graffiti, structural damage and in-grained dirt). Around 17,000 surveys are carried out per annum.
- Mystery shopping surveys whilst the vehicle is in service to assess vehicle handling, customer interaction and aspects of the vehicle affected by buses being in service. Around 33,000 surveys per annum are carried out.

The data is collated and following a quality assurance process is shared with the operators so that they can take action to address any areas of weakness that are identified. The results are used by London Buses to generate the payments (or deductions) under the driving and vehicle quality incentive regime.

7.6. Driver Quality Monitoring

This is a separate independent survey carried out by London Buses' specialist contractor which covertly undertakes over 6,500 assessments each year across the London Bus network to assess driving skills. It differs from the assessments detailed in Section 7.5 by focussing as much on the technical ability of the driver – such as use of mirrors and lane discipline - as it does on passenger consideration.

For each assessment, a driver receives a graded score for a series of measures such as speed, road position and braking and there are over twenty categories per assessment. This level of monitoring is rare, in that most employers of professional drivers undertake no such monitoring of their staff, and manage their professional drivers solely on the basis of claims or accidents. A combination of initiatives has led to a steady improvement in the scores in the recent past.

7.7. Engineering Quality Monitoring

London Buses' independent contractor undertakes regular checks on the maintenance procedures and mechanical condition of the vehicles used on its contracts. This is undertaken by a thorough examination of about 25% of each operator's fleet throughout the year, similar to an 'MOT' test for cars. The examinations are conducted by trained staff working to the same criteria. Any defects are noted and given a score, with higher scores for more serious defects. The key measure is the average number of points per vehicles, with a target of zero. The monitoring also includes the maintenance procedures, and the operators' vehicle pass rate at annual test.

7.8. Customer Satisfaction

There are three London Buses Customer Satisfaction Surveys (CSS), focusing on Bus Services, Night Buses and Bus Stations which have been undertaken since 1997. These enable London Buses and bus operators to monitor customers' satisfaction with the quality of services provided and identify areas for improvement. Face-to-face interviews are conducted with passengers alighting from buses. Questions relate to the journey that has just been made including overall satisfaction with journey just made, information, safety and security, cleanliness, reliability and staff behaviour.

7.9. Public Correspondence Data

London Buses collates all public communications made by phone, email or letter. This data is analysed at route level on themes including driving standards. This helps London Buses to understand and address specific concerns.

7.10. Contract Compliance Audits

To ensure that operators comply with the specifications in the contract, London Buses' Contract Compliance team make regular visits to all operating garages. These audits help to ensure that: there are sufficiently rigorous administration systems in place to handle and account for on-bus revenue and London Buses owned or managed equipment. They also ensure that lost

mileage is reported correctly so that the correct contract payments are claimed; and that drivers comply with working time and driving time legislation.

7.11. Other Sanctions and Remedies

Operators' performance is regularly reviewed by senior London Buses staff. They examine a range of indicators, including mileage operated, reliability, driving and engineering standards as well as the measures detailed above. Unsatisfactory performance is discussed with individual operators, and if necessary operators may be required to produce and implement action plans to resolve performance issues.

Current and recent past performance is taken into account in the evaluation of tenders and recommendation for award of new contracts.

London Buses usually resolves any performance issues through normal contract management. However if performance continues to be poor and it is considered that it cannot be resolved by other means, as an ultimate sanction London Buses retains the right to terminate any contract.

7.12. Safety

A range of data is used by London Buses as part of the assessment of an operator's ability to provide a safe service and failure can result in the loss of a contract. Unsatisfactory performance can also lead to the failure to win new contracts. The incentive is not directly related to payments/deductions due to the importance of avoiding the suggestion that safety of operation is in any way a negotiable trade off against cost.

Safety is not generally measured against 'front line' passenger experience, but from an insight into an operator's standards.

Much of the work is based on visits to operating premises and interviews with operational staff. These include checks on policies, procedures and risk assessments. These visits are followed by a report highlighting areas of concern and an action plan. This plan is then reviewed and forms the basis of the next inspection.

In addition to Driver and Engineering Quality Monitoring, as described above, operators provide data regarding all accidents and incidents which occur whilst a bus is in service. This information is collated and analysed by London Buses.

7.13. Passenger & Staff security

The entire London Bus fleet is fitted with CCTV and recording equipment. This is used to identify individuals who commit offences, against both other passengers and the vehicle. It can also be used to assist in the investigation of injury and insurance claims.

London Buses operates a central communications facility, CentreComm, and each bus is fitted with a two-way radio system which allows drivers to issue an

emergency call if they require assistance. The radio system is otherwise used to communicate information about disruptions to service.

TfL funds a dedicated team including staff from the Metropolitan Police which is in place to deal with surface transport related policing issues, which includes enforcement of bus lanes, supporting revenue protection operations and investigating and prosecuting fare evaders.

8. Environment

8.1. London Buses and the environment

Environmental issues are of increasing concern in London, with much of the debate focused on transport. TfL is committed to minimising harm to the environment. The provision of a comprehensive, safe and efficient public transport network in Greater London (including the bus network) is an important element. TfL complies with the relevant environmental legislation, and follows the Mayor's Air Quality Strategy, which specifies key objectives for London's bus fleet.

8.2. Lowering emissions

Tenders for bus services specify that new vehicles should be to the latest legal European emissions standards, and operators are encouraged to introduce higher standards sooner than required. Older buses have been retrofitted with additional filters to reduced the levels of pollutants. However TfL has the largest fleet of hybrid buses buses (which are powered by batteries that are charged by regenerative braking and smaller engines, which produce lower emissions than a full size diesel engine) in the world, with 1,700 in service by 2016, increasing to 3,400 by 2020.

Zero-emission at tailpipe buses are being rolled out, with a small number of hydrogen fuel cell buses augmented by increasing numbers of pure electric single deck buses to at least 300 by 2020.

It is also recognised that driving techniques can reduce emissions, and this is included within the BTEC training for bus drivers (see Section 9.3).

Despite the increased fleet size and mileage, emissions from buses are reducing year on year.

9. Current and Future Initiatives

9.1. Smartcards and Cashless Buses

TfL bus network is cash free. Payment is by Oyster (TfL's travel smartcard) or contactless bank cards. Passengers can put period "Travelcard" or "Bus Pass" products on Oyster cards, add electronic travel value to pay as you go, or have a combination of both.

Oyster cards are also reusable. This means that when the season ticket expires it can be replaced on the same Oyster card, and when electronic travel value runs out, it can just be topped up. Contactless cards remove the need to top up – the fares are deducted from your bank account daily.

9.2. Bus Priority

The bus priority team develop and deliver highway and traffic management schemes to improve journey times and service reliability for bus passengers. These schemes include bus lanes, junction improvements and traffic signal priority. This involves working with other parts of TfL Surface Transport and the London boroughs.

Some schemes are individual local projects to deal with a specific local problem. In other cases schemes for entire bus routes or network corridors are introduced. These measures improve bus reliability, protect bus passengers from excess delays and facilitate improvements capacity of bus services.

9.3. Bus Driver and Service Controller Training

Raising training standards and achieving greater consistency in the training of front line bus operating staff is a key objective for London Buses. To help achieve these aims, London Buses commissioned two bespoke BTEC qualifications in consultation with bus operators, training providers and trades unions.

The two qualifications (one aimed at drivers, the other aimed at service controllers) were developed in conjunction with Edexcel, the examinations award body. Both qualifications have been designed so that the staff taking them are able to demonstrate their ability to do their job competently and to a consistent standard across the London bus network. The degree of assessment required and paperwork associated with the qualifications has been kept to the minimum, but it still allows staff to show what they are capable of and what they understand about the industry they work in.

Responsibility for delivering the training rests with the individual bus operators. At the end of the training, provided the candidate has successfully met all of the assessment requirements, they will achieve their BTEC qualification.

Driver also undergo annual training for their Certificate of Professional Competence.

9.4. iBUS

iBus is the radio and Automatic Vehicle Location (AVL) system for buses. It ensures that the service controllers at garages know the exact location of all buses fitted with the system at all times.

Using a combination of technologies, including satellite tracking and GPRS data transfer, iBus keeps track of where London's buses are, allowing bus controllers to regulate services to make them more reliable.

Thanks to on board 'next stop' audio-visual announcements, passengers know where their bus is, even if they're on an unfamiliar route. They also benefit from more reliable real-time information on "Countdown" signs at bus stops and through Apps on smartphones.

CentreComm – London Buses' 24/7 Emergency Command and Control Centre – is able to use the on-bus PA system to communicate directly with passengers in the event of an emergency. Another benefit to passengers is that in case of the driver making emergency radio contact following an accident or emergency, CentreComm will immediately be able to pinpoint the precise location of a specific bus, so any necessary assistance can be despatched immediately.

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10. More Information and Contacts

The information in this booklet is based on the latest details available at the time of publication in April 2015. More information about bus services in London can be found on TfL's web pages, including the latest performance trends and latest tendering programme. Relevant links to these and other sources of information are listed below, along with other contact details.

10.1. Links

Current information about The Mayor, GLA, TfL and London Buses can be found by following links within the following websites:

www.london.gov.uk
www.tfl.gov.uk

Information covering the UK and EU legislative framework can be found within the following sites:

www.dft.gov.uk
www.ojeu.com

Specific links have not been given, as updates often change them.

10.2. Contacts

If the information you require is not available from the TfL web pages, or if you would like to apply to become an approved operator, please write to:

Tom Cunnington
Senior Commercial Development Manager
London Bus Services Ltd
The Palestra Building (10Y3)
197 Blackfriars Road,
Southwark,
London SE1 8NJ