

Original suggestion from pre-consultation summer 2015, with appendix notes of updates from January 2016. Note scheme simplifications due to changes with QCS requirements, ability for a permanent not a 10 year scheme, and coverage of whole of Wiltshire.

INTRODUCTION

The TransWilts CIC is developing a proposal to introduce a bus Quality Contracts Scheme, through which the local bus market in North and West Wiltshire would be both secured for the future and improved to deliver services in a way familiar to people in London and many European cities. This will deliver a simple fare structure, better value overall for passengers, a single source for information and customer services, integrated Smartcards to make payment more flexible and encourage new users, and improvements in journey quality. Local people will also have a greater say in reviewing performance and suggesting changes to routes in their communities. These are all features of a modern integrated transport system that will provide the best possible value for money and contribute to social and economic wellbeing.

These improvements will be achieved through a single public body planning and managing routes, setting and collecting all fares, and re-investing a greater proportion of the profit generated into maintaining and improving bus services. In the current market public bodies have very limited influence over fares, timetables, routes and customer service standards which are set in large part by the companies which operate bus services, based on their own commercial considerations.

A Quality Contracts Scheme (QCS) would make Wiltshire Council responsible for all aspects of almost all bus services in North and West Wiltshire for a ten year period, intended to begin during 2016. Bus services would still be operated by private companies, which would be paid a fee for providing a specified service to the public under contracts of 7 to 10 years let by Wiltshire Council, through a competitive process designed to get the best value for money.

The proposed QCS offers a way to improve bus services while providing significantly better value for money for taxpayers. The likely alternative is very unappealing – Wiltshire Council, because of the requirement to implement savings equivalent to some 60% of the 2015/16 budgets for supporting public and community transport services, will be forced to either completely cut or radically reduce funding for socially necessary but unprofitable bus routes (including buses to schools), which currently only run because they are subsidised by the council, as well as other bus related services, including transport information, thus endangering the very existence of the vast majority of such services.

Based on its assessment so far, TransWilts CIC believes a QCS is the best way to ensure buses continue to play a central role in providing a simple, affordable and integrated public transport system. It would result in significant change for bus passengers, local bus companies and their employees within North and West Wiltshire and outside where those routes included in the QCS also serve parts other parts of the county, as well as parts of Bath and North East Somerset. The CIC therefore intends to ask Wiltshire Council to undertake a statutory consultation with the organisations and groups that are considered will be most affected and/or who are likely to have a material interest in the QCS Proposal.

The CIC will also ensure that the wider public in North and West Wiltshire are kept informed about and engaged with the QCS Proposal and consultation process.

The main features of the QCS fall into the categories of Network; Customer Proposition; Fares and Ticketing; and Information and Branding. These are summarised below:

THE NETWORK OF SERVICES

The proposed QCS will cover the whole of the North and West Wiltshire area, which incorporates the Area Board zones of Bradford-on-Avon, Chippenham, Corsham, Devizes, Malmesbury, Melksham, Trowbridge, Warminster and Westbury. This is known as 'the QCS Area'. A number of QCS services will extend in and out of Bath and North East Somerset, although this Council falls outside the QCS Area.

It is proposed that all local bus services operating within the QCS Area when the scheme is made, except where they have been specifically excluded or have been granted a 'clearance certificate', will be included in the final QCS. This will ensure that virtually all bus services in North and West Wiltshire are operated to a consistent standard with a common fare structure, and are managed with a standard approach to monitoring performance and governing future changes.

Any future changes to the QCS Network will be considered on their merits at the relevant time, will take full account of the scheme's objectives, and shall only be determined following a clear and transparent governance process. To maintain stability and improve customer confidence in the local bus network and thus increase patronage, service changes will be kept to a minimum, all of which shall support the objectives of the scheme.

CUSTOMER PROPOSITION – STANDARDS AND PERFORMANCE

A Customer Charter will state clearly what customers can expect, what performance targets have been set, and how services are performing against these. Regular performance reports will be presented in accessible formats branded and standardised in a manner reflecting and with full regard to an integrated public transport network. The charter will also provide information on how to contact the customer service and performance team, and who will respond and resolve complaints where customers are dissatisfied.

Service commitments will include: easy to identify vehicles, a minimum standard for vehicles including compulsory low-floor access and reach a certain emissions quality, extended real time information, Smart Ticketing, a central point of customer contact, consistent and improved standards of customer service and care, and enhanced marketing.

Performance standards will include:

RELIABILITY

PUNCTUALITY

CUSTOMER SATISFACTION

A bus Performance Management System (PMS) will be included in all contracts with bus operators to incentivise them to deliver a high quality and high value for money service. The PMS will focus on measures that are most important to passengers. Poor performance will be penalised and good performance incentivised, while the PMS could influence whether bus operators are eligible for contract extensions.

FARES AND TICKETING

The proposed adult ticket prices should maximise the number of bus trips where the price will reduce or stay the same, keeping any increases to a minimum. Further to this, it is intended that for the 10-year duration of the QCS, subject to exceptional and/or unforeseeable cost pressures, average fare increases will be no more than the Retail Price Index and will only change once per year.

SMART TICKETING

Smart Ticketing will be available on all TransWilts QCS bus services and will include fare capping, providing customers with a “best price guarantee” capped at the cost of the equivalent day ticket.

INFORMATION AND BRANDING

The identity for buses will use a “TransWilts Bus” brand introduced at bus stops and online across all marketing and information, based on the well-established and successful “TransWilts Rail” brand. Buses themselves will take on a new identity based on this during the first year of a QCS. The use of this brand is aimed at marketing and promoting confidence in bus travel within a wider and integrated public transport use.

There will be a single point of contact for public transport information, building on the “Connecting Wiltshire” LSTF project, enabling customers to receive advice and information from a single source for a fully integrated public transport system, and give feedback or complain when things go wrong.

Information for all public transport journeys will be available in many ways including: A local-rate customer services helpline, printed and digital media, council offices, tourist information centres, libraries, as well as at bus stops, interchanges and on buses themselves.

There will be a medium-term target to provide real-time information for all buses, so passengers can see when the next departure is due at their stop, in some cases through on-street information or via a smart phone or website.

HOW DECISIONS WILL BE MADE

The QCS will be structured so that customers and community representatives will have a much greater say in how services are run, including a transparent consultation process for suggested changes to routes and timetables. Under the proposed QCS, a Bus Committee will be responsible for overseeing the operation of the QCS Network in a way that achieves the scheme's objectives equitably, economically, efficiently and effectively within the budget established by Wiltshire Council.

Local Bus Boards will act as advisory working groups to monitor and review the performance of the network at a local level, advising the Bus Committee and developing local approaches to improving bus service delivery including punctuality and reliability.

The QCS Network will be reviewed each year through an annual development cycle led by the Bus Committee and taking account of consultation and recommendations from the Local Bus Boards. This will provide a consistent approach to decision making, allowing for transparency within a process that includes customer involvement. If there is a need to change routes or timetables outside this cycle an emergency process will allow this to take place, in order to continue delivering the QCS bus services within available resources.

The Bus Committee will consult with 'Cross-boundary Groups' set up to oversee the interface with adjacent areas before taking any decisions which may impact on services which extend into neighbouring authority areas.

PROCUREMENT OF CONTRACTS

The QCS as a whole will be made up of a large number of individual contracts of set numbers of vehicles each, let by the Bus Committee on behalf of Wiltshire Council, to bus

companies. It is proposed that these will be structured as follows and let in two rounds, though all will start at the same time:

Round one:

- Multi-service contracts of a set number of vehicles each.

Round two:

- Mini/midi bus contracts of a set number of vehicles each;
- Taxi bus contracts of a set number of vehicles each; and
- Works and services to schools contracts of a set number of vehicles each.

This structure will provide realistic opportunities to bid for individual contracts to operators of all sizes. Round one contracts will be awarded on the basis of the most economically advantageous tender, one which balances quality and cost; whereas compliant bids for Round two contracts will be evaluated on price only. Contract durations will be for 7 years plus an extension of up to 3 years.

The contracts will be let on a gross cost basis. The Bus Committee will determine the fare structure and pricing approach to ensure integration and therefore will also collect all fare revenue and retain the risk in doing this, while also being able to re-invest surplus money.

The structure would allow bus companies to be able to make a reasonable profit from the payments they would receive, while being incentivised by the Performance Management System to deliver a high quality service.

RISK CONTINGENCY

The proposal will allow for risk contingency over the 10 year duration of the scheme, to allow for costs associated with fare revenue or inflation being different to that forecast, costs associated with employees transferring to new jobs as contracts are set up, and responsibilities under collaboration agreements with neighbouring authorities (see below). If some or all of this contingency was not required this would add to the overall benefit from the QCS. In addition, contracts will be let in such a way that a small degree of flexibility will be permitted in terms of modifying operating costs from year to year.

Forecasts will be based on the prevailing levels of funding from Government for the English National Concessionary Travel Scheme and Bus Service Operators Grant. If funding for the English National Concessionary Travel Scheme changes during the life of the QCS we may have to review the requirements of the QCS, but this would have an equally serious impact on the 'Do Nothing' scenario. If Operator Grant funding was to change we may have to review fares and the bus service network to take account of this.

IMPACT ON BUS COMPANY EMPLOYEES

The proposal provides job security with companies that would have contracts of at least seven and up to ten years with QCS. Improvements in customer service will depend on a stable, professional and experienced workforce with employers making a commitment to develop staff.

All bidders for contracts under the QCS will have to explain how they will maintain a stable, high quality workforce, including past experience of looking after TUPE transfers and recruitment policies.

Training and standards will be made consistent across different contracts. Trades union representatives will be invited to liaise with Area Boards and attend the QCS Bus Committee when relevant items are to be debated.

The Transport Act 2000 (as amended) protects the interests of bus company employees as a Quality Contracts Scheme comes into force, should their employer fail to secure contracts for the local services where they are employed.

A legal protection called 'The Transfer of Undertakings (Protection of Employees) Regulations' 2006 or TUPE applies to anyone principally connected with services which move to a new company, including drivers, maintenance staff and others. This means those employees would automatically move to any new operator with their existing terms and conditions. In the case of a QCS, a new operator would also have to provide the same or broadly similar pension benefits, something which does not normally apply under TUPE. It would also have to recognise all union and collective bargaining agreements in place.

Where existing services move to a new depot there will be consultation with existing operators and unions on the detail of allocation arrangements that determine which employees move to what new contracts, particularly where this might mean a change of depot.

Protection will be put in place to minimise the risk of compulsory redundancies for employees principally connected with local services within a QCS; for example a company with too few drivers will be obliged to offer vacancies to a 'surplus pool' of existing employees from other companies before recruiting elsewhere. The details for this protection will be established in consultation with unions, but it effectively provides a guarantee of no compulsory redundancies to impacted staff during the transition period.

A union representative will be recruited to work alongside a QCS facilitator in completing the allocation of employees to operators and depots, where these change. There will be travel allowances or payments for any employee required to move to a different depot at the start of a QCS, set up in consultation with unions.

BUS SERVICES IN NEIGHBOURING AREAS

Care will be taken when designing the QCS to ensure that its introduction does not of itself adversely impact the provision of bus services in any other local authority areas. However it does introduce the potential for unforeseen risks to occur in adjacent areas, and so a Collaboration Agreement will be set out in the proposal, to which it is intended that Wiltshire Council and neighbouring local authorities as appropriate will be parties. The proposed Collaboration Agreement will be designed to provide stability and protect services in neighbouring authority areas.

THE PUBLIC INTEREST TEST CRITERIA

Under the Act, an authority making a QCS must be satisfied that five "public interest" criteria are met. These criteria are that:

- the proposed QCS will result in an increase in the use of bus services in the QCS Area;

- the proposed QCS will bring benefits to persons using local services in the QCS Area, by improving the quality of those services;
- the proposed QCS will contribute to the implementation of the local transport policies of the relevant authority;
- the proposed QCS will contribute to the implementation of those policies in a way which is economic, efficient and effective; and
- any adverse effects of the proposed QCS on Operators will be proportionate to the improvement in the well-being of persons living or working in the QCS Area.

Wiltshire Council must be of the view that the five public interest criteria are met by the proposed QCS and that if it was taken forward, the scheme would be proportionate under section 124(1)(e) of the Act.

THE WAY FORWARD – NEXT STEPS

The TransWilts CIC intends to ask Wiltshire Council enter into a statutory consultation on the proposed QCS. This consultation would have to take place with those organisations set out in the Transport Act 2000. The list of statutory consultees is:

- all persons operating local services in the QCS Area, bus operators (actual services);
- all other persons holding a PSV operator's licence or a community bus permit who would, in the opinion of the authority or authorities, be affected by it;
- such organisations appearing to the authority or authorities to be representative of users of local services as they think fit;
- any other relevant local authority any part of whose area would, in the opinion of the authority or authorities, be affected by it;
- the traffic commissioner for each traffic area covering the whole or part of the QCS areas;
- the chief officer of police for each police area covering the whole or part of the QCS Area; and
- such other persons as the authority or authorities think fit. We recommend that the public have a full and fair opportunity to respond.

This consultation will be open for three months. A summary of the consultation and any suggested changes to the QCS Proposal arising from it will be presented once it is completed.

Appendix – update January 2016 (from original / summer 2015)

Key Changes/Additional Points:

- Bus Franchising system will no longer have to be renewed after an initial 10 year period, and will instead remain in place unless a specific decision is taken to end it.

- Five public interest tests abolished as is the need for a QCS Board to review the proposals. Councils can now make their own judgement on whether to proceed with Bus Franchising, subject to (minimal) safeguards.

- Our proposal is now for Bus Franchising to begin in April 2017.

- Our proposal is now for Bus Franchising to be introduced throughout Wiltshire, rather than just in North/West Wiltshire. All references to commercial services in Wiltshire outside the North/West now redundant, and those savings would instead be made through the cross-subsidisation process.

- We are proposing to ensure that a quality new bus fleet is provided from day one, by requiring that bidders include the costs of a rental contract for a new vehicle or vehicles in their tenders. Our analysis shows that this would add a reasonable £3 per hour to the average running costs of each vehicle. This would replicate the practice of commercial bus companies reinvesting a proportion of their profits in new buses, and avoid instead having to ask for such investment through an increasingly challenging WC annual budget process, or landing WC with ageing, depreciating assets.

- It is often claimed that Bus Franchising would incur significant additional set-up and running costs. There are a number of ways these could be minimised. As the LSTF funding winds down, WC Officer time will be freed up from Connecting Wiltshire activities that duplicate Community Rail projects, and could instead be re-allocated to Bus Franchising requirements. Customer service staff from bus companies would be redeployed efficiently within WC hot desking hubs, and be funded through bus service revenue, just as they are now. Bus companies would remain responsible for the supply, maintenance and operation of their vehicles, and would employ the staff required to do this (drivers, mechanics etc)

- The overall idea is that Wiltshire Council would specify the procurement of a number of vehicles and drivers per contract, rather than specify the specific detail of routes, timetables etc within a specific contract. The proposal allows for the creation of Local Transport Groups formed of representatives from the local area who would put forward proposals for how the vehicles could be utilised in terms of routes/timetables etc. The Chairs of each Local Transport Group would each have a seat on a Local Transport Committee, along with representatives from Wiltshire Council, transport companies, TransWilts CIC/CRP etc and other relevant bodies, and it would be this body that would decide the overall network, routes and timetables, with genuine flexibility to adapt them as and when required, rather than being locked in for a specific period.

- A side effect of the above approach is that, because the revenue from bus services would go to Wiltshire Council rather than the bus operators, the current tortuous process where WC pay the operators a percentage of what a concessionary bus passengers fare would have been will be eliminated, and instead WC will effectively be offering concessionary bus passengers a free seat on the relevant bus service. Therefore, as long as QCS meets its overriding aim of profitable bus services paying for loss-making, but socially necessary, bus services (and you have touched on how total journey solutions and easier pricing can help towards achieving this), then there is no real reason why this should have a negative effect on finances, particularly as WC will (to a greater or lesser degree) continue to receive concessionary fare funding from central government. Indeed, there may even be additional savings to be had from this.