Jersey Bus Franchise:
The Commissioner Perspective
June 2017
Welcome to Jersey
Sustainable Transport Plan (STP)

Making Greener Travel Choices

- Walking
  - Non-polluting
  - Non-congesting
  - Great health benefits

- Cycling
  - Non-polluting
  - Non-congesting
  - Great health benefits

- Travelling by bus
  - Less polluting than equivalent number of cars
  - Less congesting than equivalent number of cars
  - Marginal health benefits

- Car sharing
  - Less polluting than single occupancy cars
  - Less congestion than with single occupancy cars

- Single occupancy cars
  - Polluting
  - Congested
Bus Contract (2002-2012)

- £3.7m subsidy (2011)
- 3.2m passenger trips
- ~80 vehicles
- 7 +3 years
- “Cost plus”, with defined profit margin
- Service designed for tourists
Contract challenges

- Misaligned risk profiles
- Weak incentives
- Complex penalty process
- Regulator vs operator ambiguity
- Changing transport needs
- Unpopular service
Building the team

Early stages (2009-)

- Established a Project Board in 2009
- Developed a project plan and ‘road map’
- Conducted market due diligence, including site visits, to help inform needs

**Project governance**

- **Sponsoring Minister**
  - DfI minister

- **Accounting Officer**
  - DfI Chief Officer

- **Project sponsor**
  - Transport Director

- **Project team (3)**
  - Project Mgr
  - Transport logistics Mgr
  - Transport consultant

- **Specialist advisors (7)**
  - Technical peer review
  - HR advisor
  - Legal advisor
  - Network consultant
  - DVS / DfT rep
  - Property Holdings
  - Marketing Bureau

**Project road map: detail**
Identifying what needed to change…

<table>
<thead>
<tr>
<th>Management:</th>
<th>Costs:</th>
<th>Network:</th>
<th>Legal:</th>
<th>Other:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Responsibility</td>
<td><strong>Type of contract</strong></td>
<td><strong>Base service level</strong></td>
<td>T&amp;C</td>
<td>STP targets</td>
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<tr>
<td>Qualifications</td>
<td>Rents</td>
<td>Visitor service</td>
<td>Working practices</td>
<td></td>
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<td>Key staff</td>
<td>Allowances</td>
<td>School service</td>
<td>Lease</td>
<td>Risk shift</td>
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<tr>
<td>Structure</td>
<td>Payments</td>
<td>Schedule</td>
<td>Licence</td>
<td>KPIs</td>
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<tr>
<td>Commerciality</td>
<td>Penalties</td>
<td>Buses: type &amp; quality</td>
<td>Management Agreement</td>
<td>Smart cards</td>
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<td>RTIS</td>
<td>Incentives</td>
<td>Ticket machines</td>
<td>Lease</td>
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<tr>
<td>Monitoring</td>
<td>Income</td>
<td></td>
<td>Licence</td>
<td></td>
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<tr>
<td>Service promotion</td>
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<td>Management Agreement</td>
<td></td>
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<td></td>
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<td></td>
<td>Size of buses</td>
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<td></td>
<td></td>
<td></td>
<td>Driver standards and qualifications</td>
<td></td>
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<td>Employment/ manpower</td>
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</tbody>
</table>

Network:
- Base service level
- Visitor service
- School service
- Schedule
- Buses: type & quality
- Ticket machines

Legal:
- T&C
- Working practices
- Lease
- Licence
- Management Agreement
- Size of buses
- Driver standards and qualifications
- Employment/ manpower

Other:
- STP targets
- Risk shift
- KPIs
- Smart cards
Led to vision: “Commissioning 4 Change”

- Service designed for the residents
- Support Island’s Sustainable Transport targets with modal shift to the bus
- Move revenue risk to the operator
  - Creates incentives
  - Fosters ownership
- Extension based on KPIs
- Simplified penalties
- Subsidy paid in arrears
- Innovations including smart cards and shared ticketing data
Two-stage procurement process

- Expressions of interest
- PQQ
- Site visits

1st stage
- Base information
- Quality
- Cost

2nd stage
- Negotiation
- Contractor input
- Determine final scope

Contract award
- Implement
- Monitor
- Administer

2009-2012
Why we chose a ‘franchise’

- Competition
- Integration
- Efficiencies
PQQ & First Stage

First Stage (Dec 2010-Mar 2011)

- Examples of introducing change in the public’s interest
- ‘Model network and additional variation costs’ used to identify cost base of each operator and create a level playing field
- Mott MacDonald submitted a sense-check ‘shadow bid’
- Tenders evaluated 50:50 on cost & quality
  - Cost evaluated by Project Manager
  - Quality evaluated by Project Team
- 5 valid tenders:
  - Proceeded with 1 preferred bidder
  - 4 in reserve.
Second Stage

- CT Plus confirmed as Preferred Bidder:
  - Cost
  - Quality
  - Partnership & shared values
  - Openness to innovation
  - Demonstrated they could do it

- Model network ‘ripped up’ and revised bid submitted with:
  - 12% increase in service miles
  - Increase in passenger capacity
  - Profit share
  - 30% social reinvestment

- We also asked CT Plus to price ‘change’

- We underwrote the finance agreements to reduce costs
Contract Award

- Letter of Intent sent July

- Innovative contract:
  - Contract extensions (7+3) based on STP KPIs:
    - Increase in morning peak ridership
    - Increase in school ridership
  - Extensions ‘bankable’
  - Punitive deductions for service failures
  - Automatic tender selection
  - ‘Step in’ rights
  - Shared ticket data
  - Profit share
Jersey Bus Franchise: The Operator Perspective

June 2017
The journey…

2011
- Two year bid

2012
- Designing the service
- Public engagement
- Naming competition(s)
- Staff recruitment
- Culture Change

2013
- “Off the blocks”
- “LibertyStars” launched
- 1st profit share payment

2014
- Staff engagement projects

2015
- ParishLink
- Fare increases
- New buses

2016
- National Bus Award winner
- Contract extension
Pre-implementation (2011-2012)

- Operator & staff
- Commissioner
- Local employers
- Libertybus
- Customers
- Schools
- Tourism stakeholders
- Community groups
- Transport providers
A publically designed service

- Pick the livery
- Naming competitions
The franchise is a success

Since 2013:

- **5 new routes** delivering 16% more service mileage
- Increased key corridor frequency to every 15 mins
- +19 new weekend services
- +4 new rural services
- +3 addition services added to routes to the West

- **50%** of passenger have an Avanchicard
- Support ‘**Able to Work**’ programme
Improved customer service

2014
How you rated us...
7/10 for overall service
7/10 for driver professionalism

2015
How you rated us...
7.5/10 for overall service
7.5/10 for driver professionalism

2016
How you rated us...
8.2/10 for overall service
8.2/10 for professionalism
8/10 for driving standards
Increased ridership

Passenger growth (Millions)

2012: ~3.2
2013: 3.6
2014: 4.0
2015: 4.2
2016: 4.3
2017: 4.4e

+38% growth from 2015 to 2016.
Decreasing contract price

Contract price

£M


-11% decrease from 2012 to 2017.
Profit share

Profit share has been key to our success – shared goals

- Allows the States of Jersey to:
  - Reduce subsidy
  - Reinvest in infrastructure
  - Offset concessionary fares

- ‘Open book’ agreement gives a high-level of transparency, and builds trust

SOJ profit share
£000s

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit share</td>
<td>47</td>
<td>269</td>
<td>354</td>
<td>301</td>
</tr>
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</table>
And it’s having social impact

- **82%** of new bus users said they saved money as a result of using the bus
- **39%** of older people said their social interaction had improved because of the bus
- **29%** of disabled people said they had more independence because of the bus
- **33%** of young people said that using the bus has allowed them to access employment
LibertyBus lessons

• **Active partnership** makes all the difference

• It’s never too early to start **community engagement**

• **Longer contracts with the right incentives** encourage innovation

• **Profit share** supports aligned priorities

• **Engage and excite staff** – and don’t stop
2015 Extension stage

- The base contract is 7, +3 single-year extensions if KPIs were met

<table>
<thead>
<tr>
<th>BOC extension</th>
<th>2015 KPIs</th>
<th>Target</th>
<th>Achieved</th>
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<tbody>
<tr>
<td></td>
<td>Increase in AM peak bus usage</td>
<td>34.1%</td>
<td>35.5%</td>
</tr>
<tr>
<td></td>
<td>Increase in bus travel for school</td>
<td>20%</td>
<td>44%</td>
</tr>
<tr>
<td></td>
<td>Total value of extra services</td>
<td></td>
<td>£1.4M</td>
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</tbody>
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- Additional analysis of value extending the current contract vs the disadvantages of a bringing in a new operator generates a financial benefit of **£7.1M**

- Contract extended 10+3
Bus Contract (2013-2026)

- £3.4m subsidy (decreased by £200K)
- 4.3m passenger trips (increased by 34%)
- ~89 vehicles (=+10%), many new
- 10 +3 years
- Service designed and used by all of Jersey
- • Operator has the revenue risk
  • Profit share
SOJ lessons

• Be clear with your objectives: bus or ‘solution’?
• Active partnership makes all the difference
• Longer contracts with the right incentives encourage innovation
• Profit share supports aligned priorities
• Value of humility

• VISIT JERSEY !!
Thank you.

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