


Jersey Bus Franchise: The Commissioner Perspective

June 2017



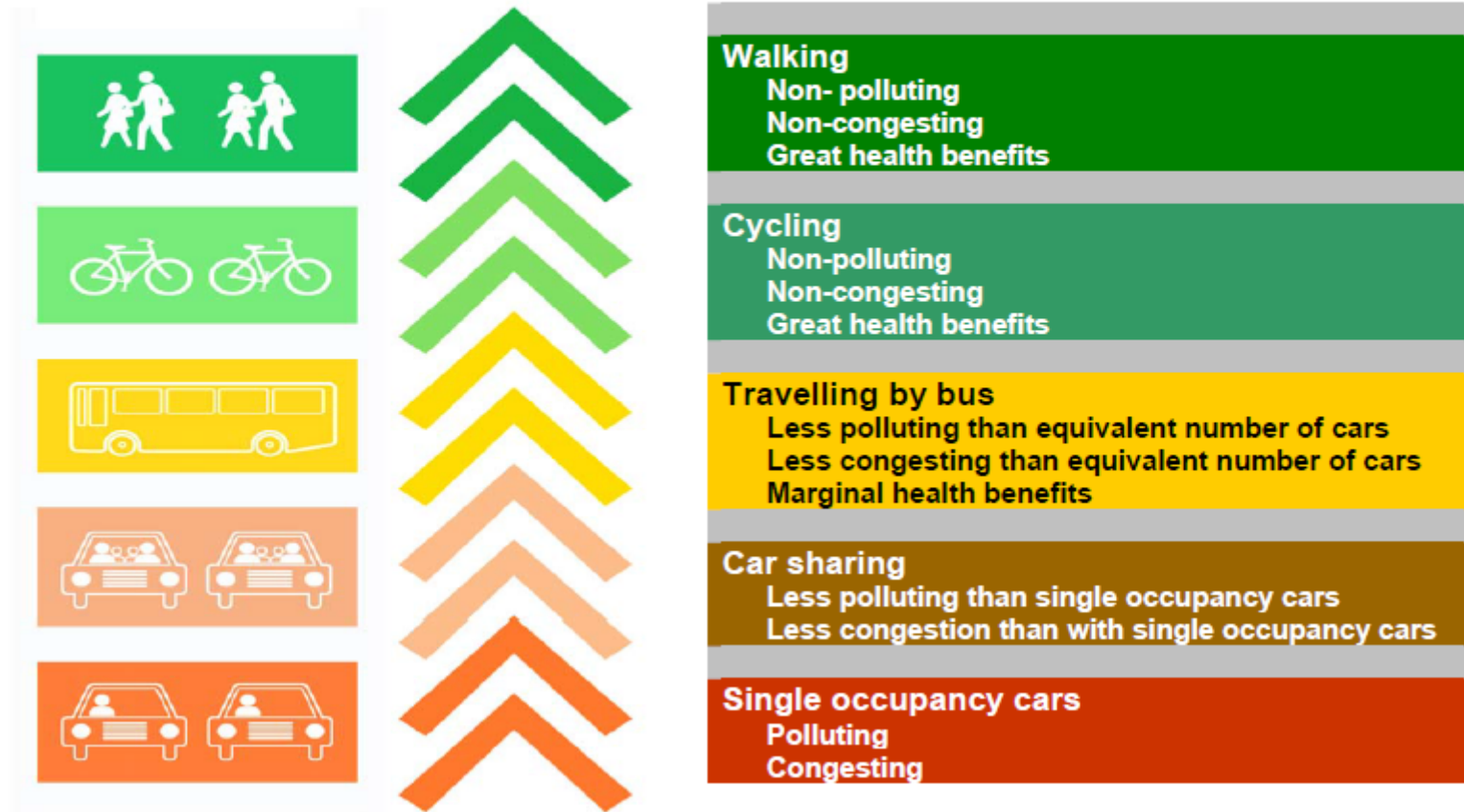
Welcome to Jersey



 **100K**

Sustainable Transport Plan (STP)

Making Greener Travel Choices



Bus Contract (2002-2012)



£3.7m subsidy
(2011)



7 +3
years



3.2m
passenger trips



“Cost plus”, with
defined profit
margin



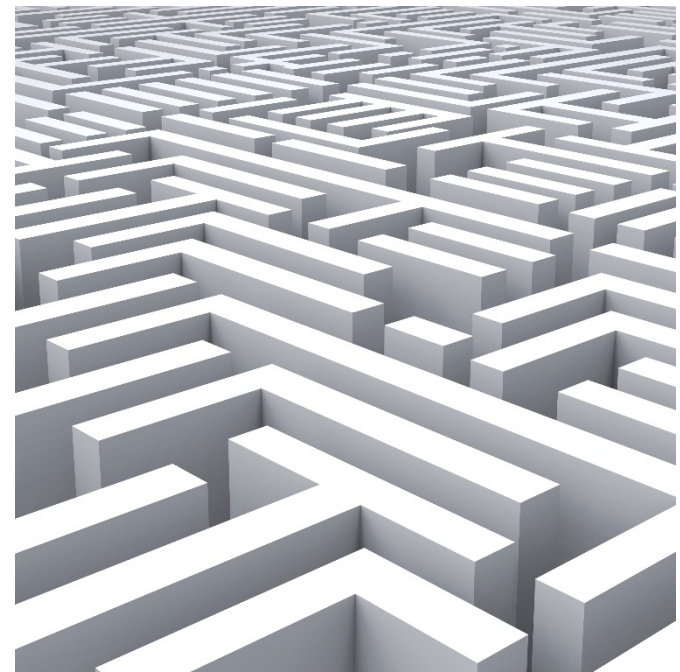
~80 vehicles



Service designed
for tourists

Contract challenges

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

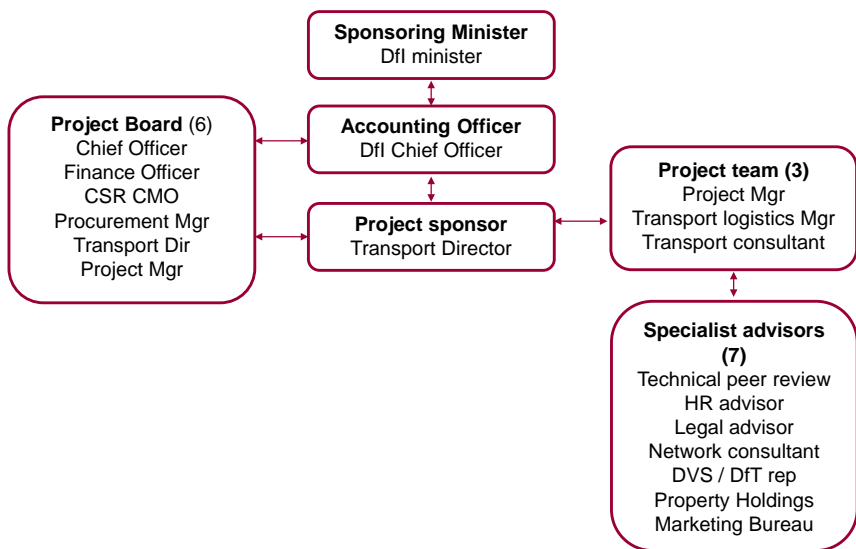


Building the team

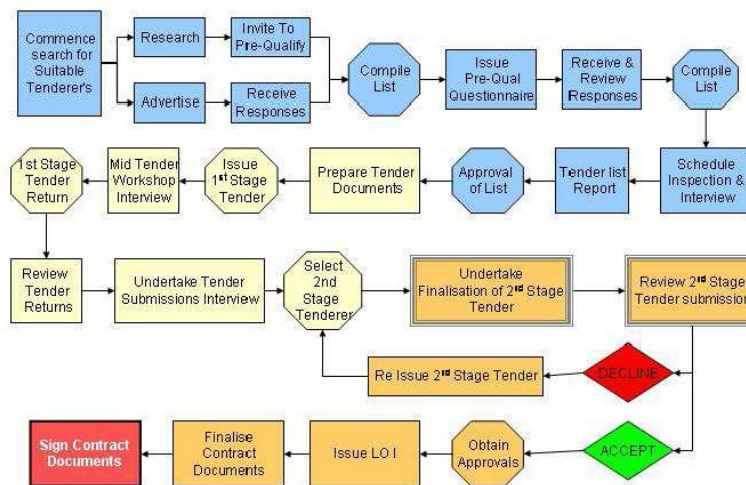
Early stages (2009-)

- 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



Project road map: detail



Identifying what needed to change...

Management:

- Responsibility
- Qualifications
- Key staff
- Structure
- Commerciality
- RTIS
- Monitoring
- Service promotion

Costs:

- Type of contract**
- Rents
- Allowances
- Payments
- Penalties
- Incentives
- Income

Network:

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

Legal:

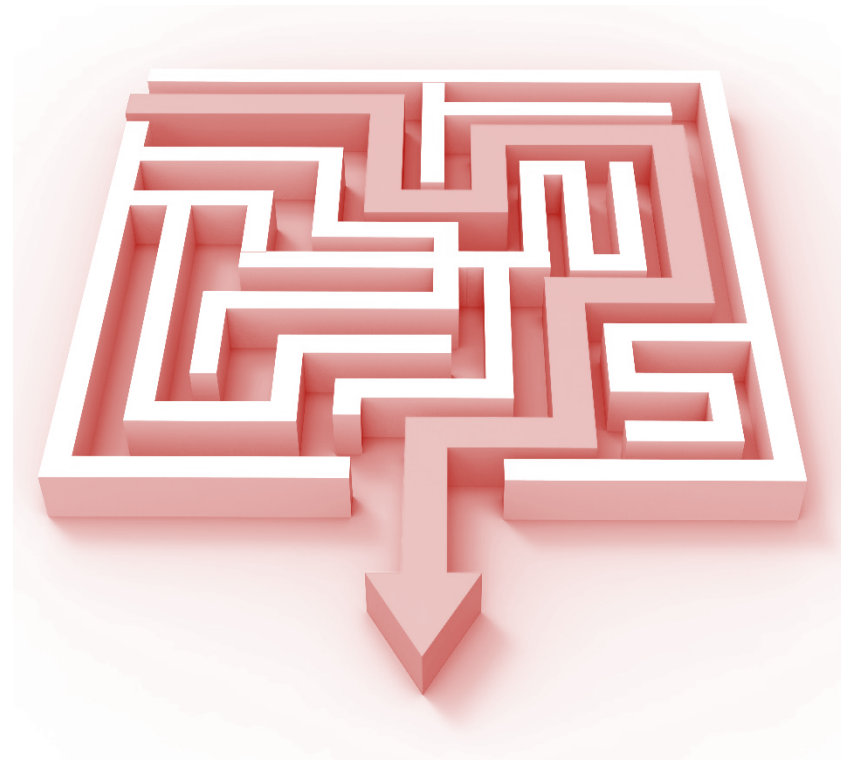
- T&C
- Working practices
- Lease
- Licence
- Management Agreement
- Size of buses
- Driver standards and qualifications
- Employment/manpower

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

- Base information
- Quality
- Cost

- Negotiation
- Contractor input
- Determine final scope

- Implement
- Monitor
- Administer

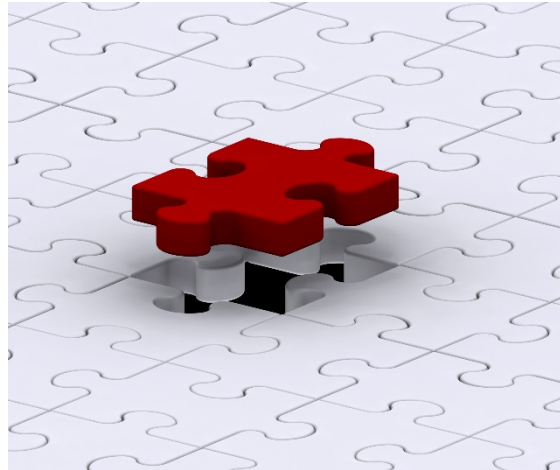
2009-2012



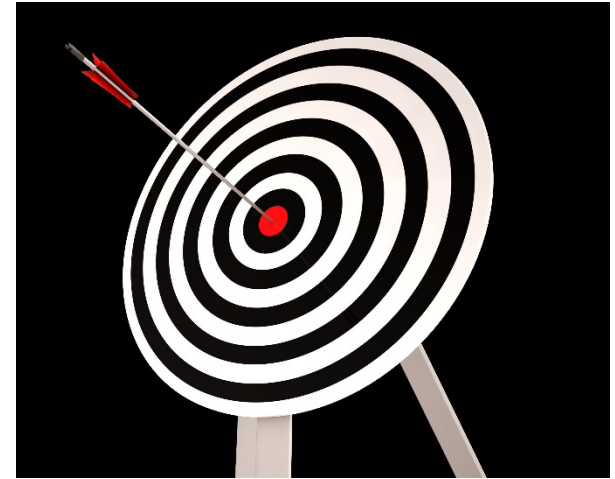
Why we chose a 'franchise'



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

**Second Stage
(Mar 2011-Jun
2012)**



- 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

Contract
award
(July 2012)

- 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

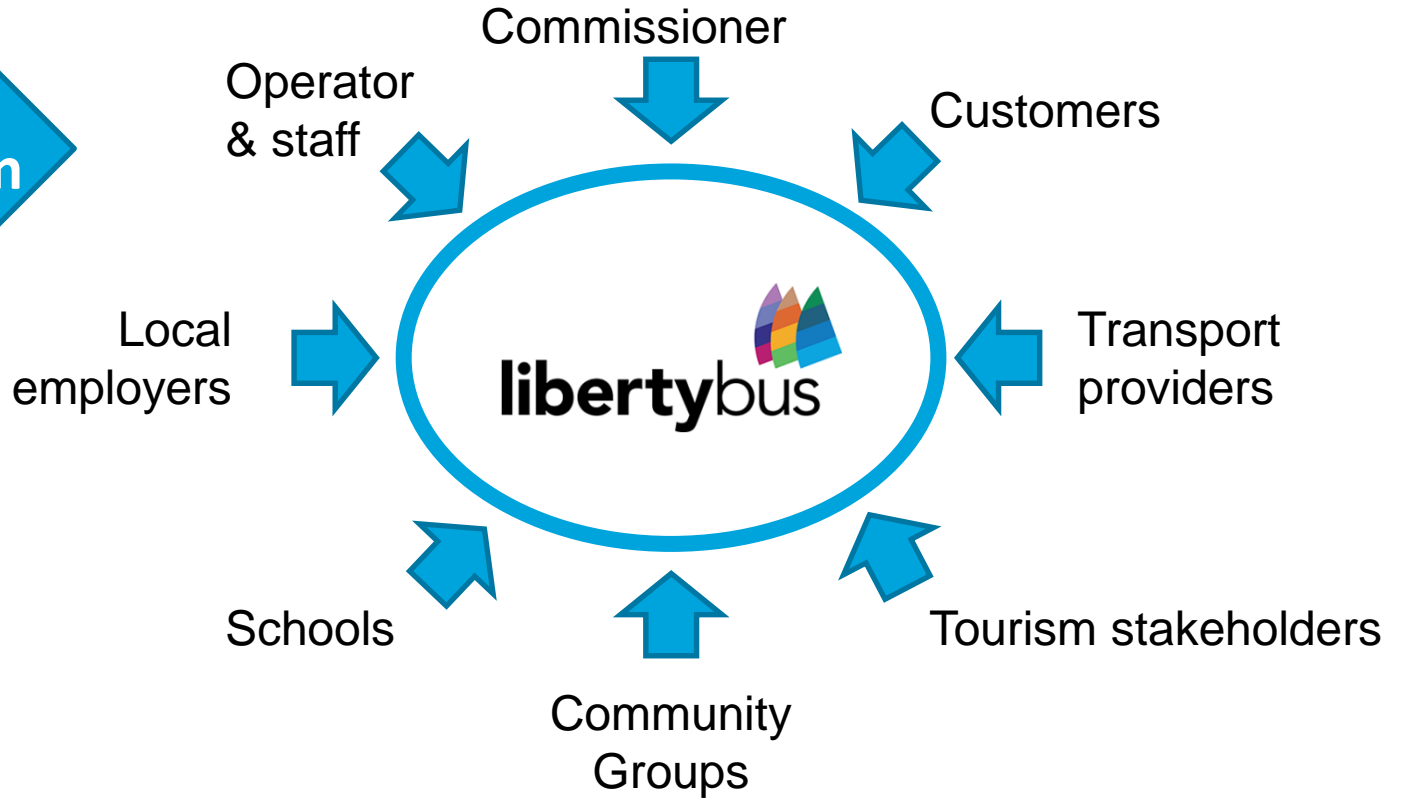
- National Bus Award winner
- Contract extension



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Pre-implementation

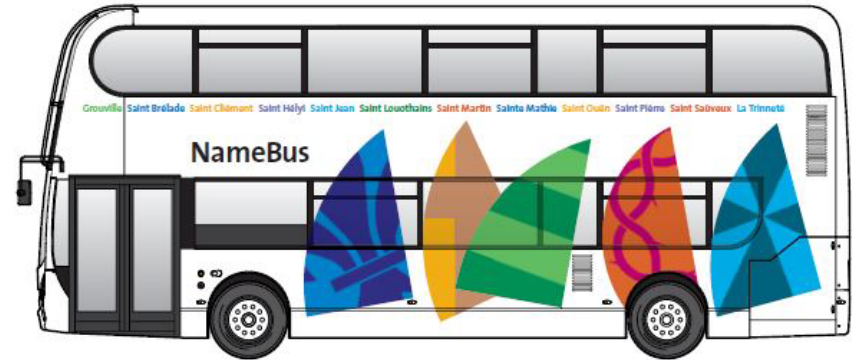
Pre-implementation (2011-2012)





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A publically designed service



- Pick the livery
- Naming competitions



The franchise is a success

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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'



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Improved customer service

2014

How you rated us...



2015

How you rated us...



2016

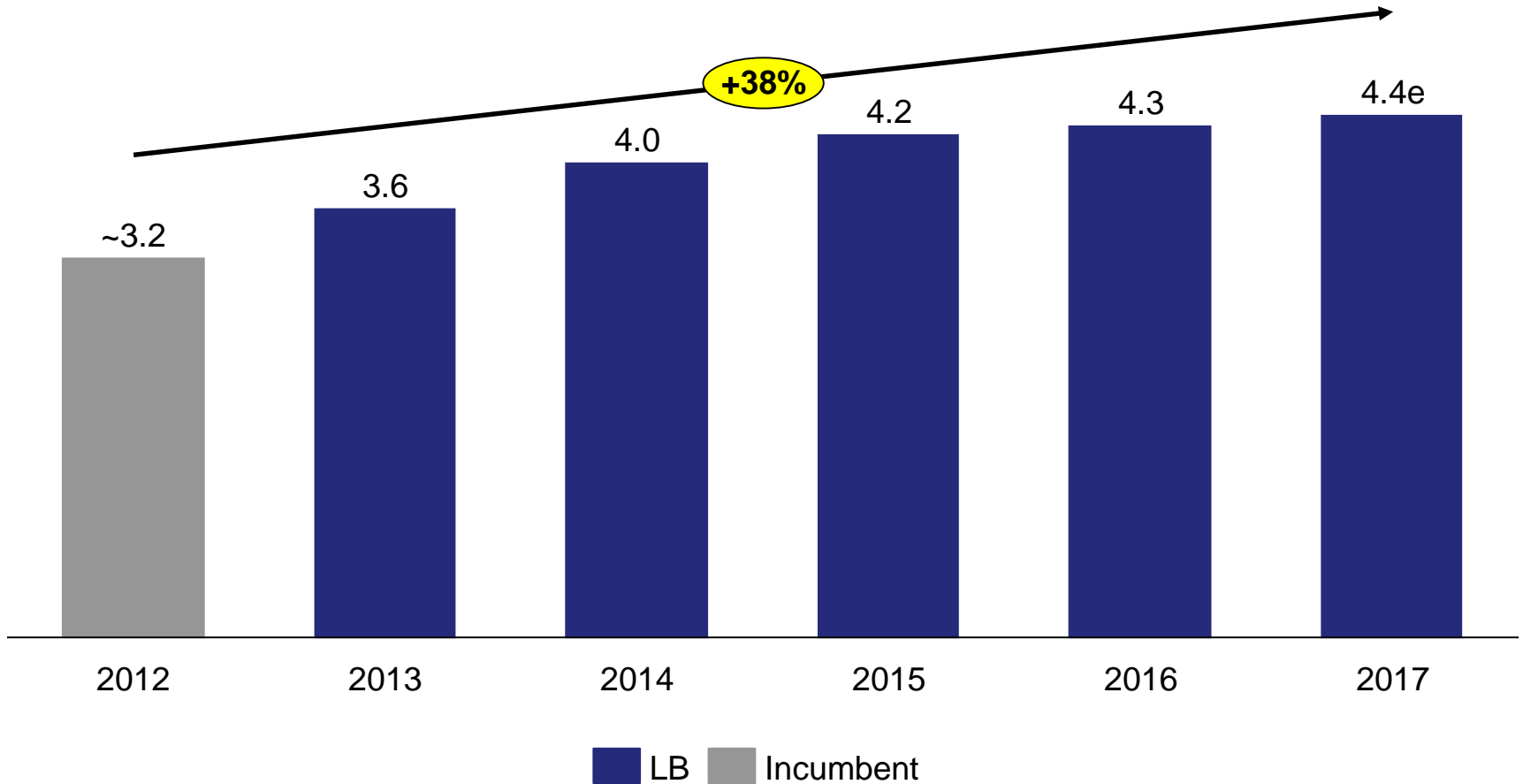
How you rated us...



Increased ridership



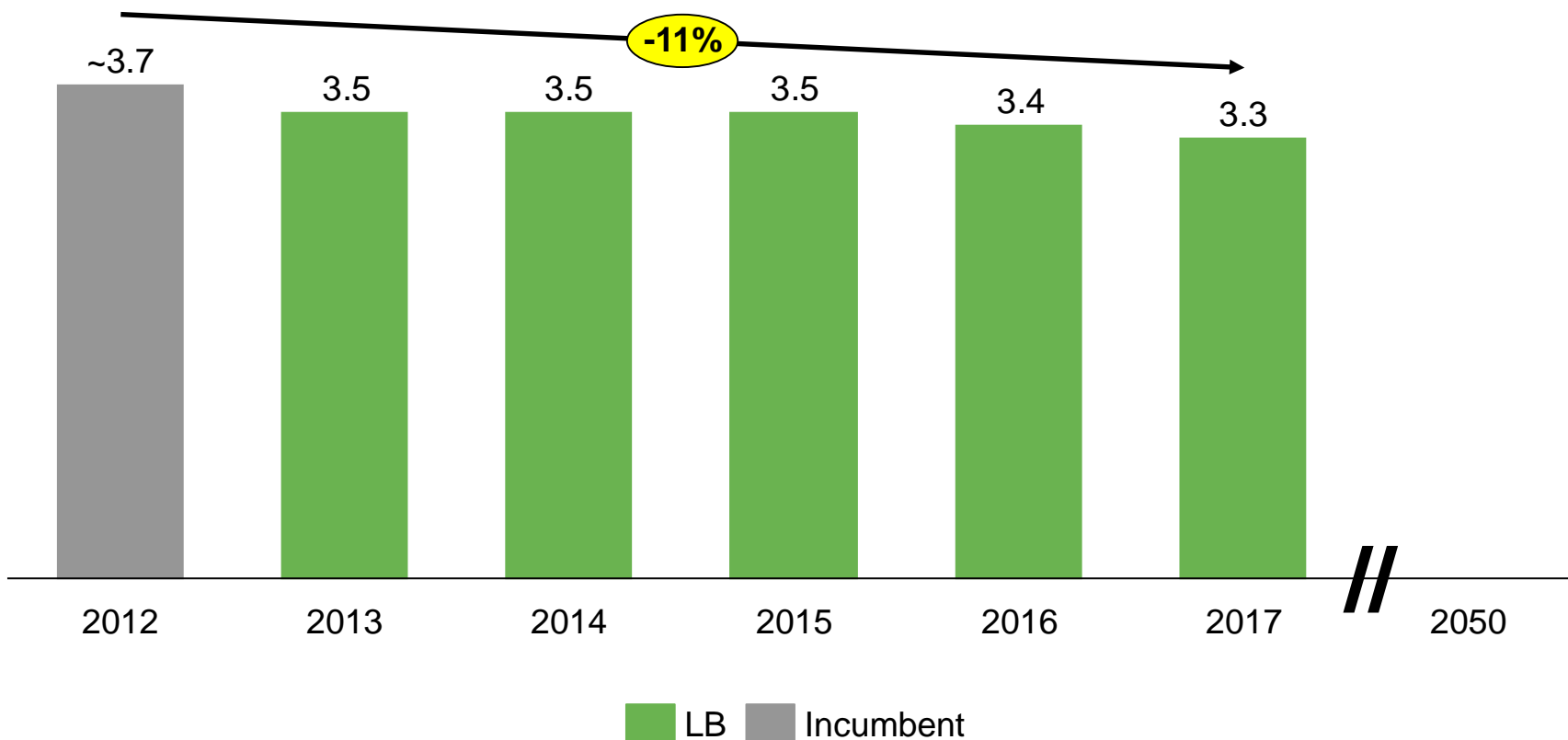
Passenger growth
(Millions)



Decreasing contract price



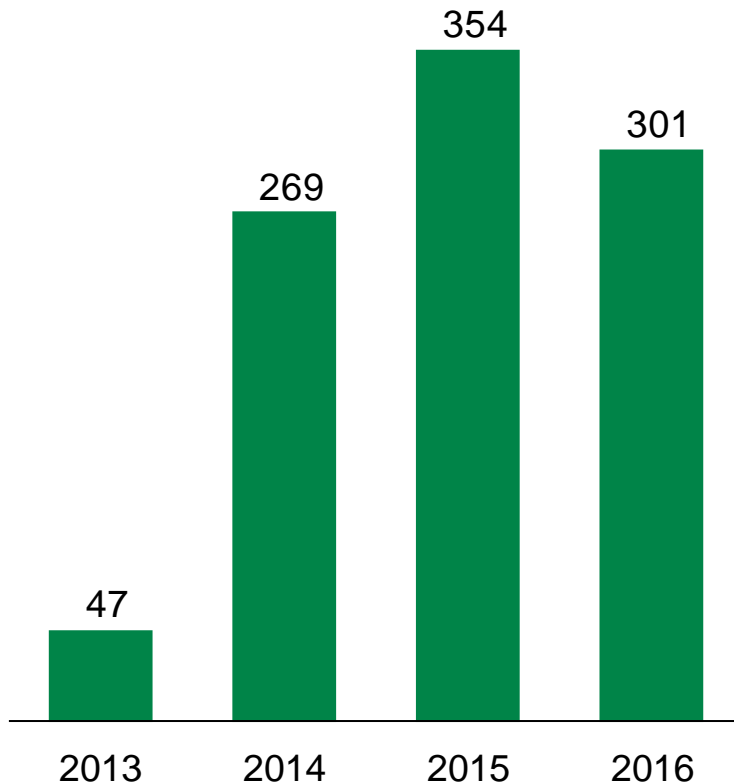
Contract price
£M



Profit share



SOJ profit share £000s



- 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



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And it's having social impact



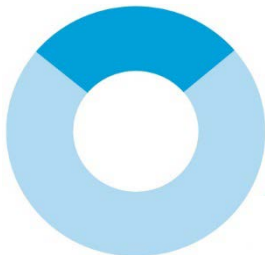
82% of new bus users said they **saved money** as a result of using the bus



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

BOC extension

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

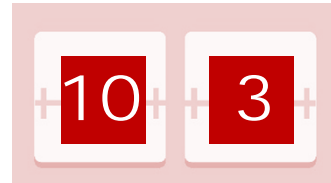
2015 KPIs	Target	Achieved
Increase in AM peak bus usage	34.1%	35.5%
Increase in bus travel for school	20%	44%
Total value of extra services		£1.4M

- 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)



10 +3
years



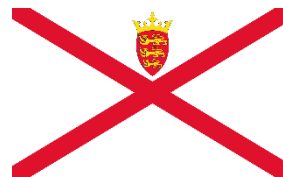
4.3m passenger
trips (increased
by 34%)



- Operator has the revenue risk
- Profit share



~89 vehicles
(=+10%), many
new



Service designed
and used by all of
Jersey

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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