

Submission from First Leeds

Response to Leeds Bus Scrutiny

1 Background

- 1.1 Provision of local bus services is governed by the Transport Act 1985, which deregulated services. An operator is able to register with the Traffic Commissioner the intention to provide a bus service detailing the route frequency stopping places and times of operation. Local authorities – in this case West Yorkshire PTE (Metro) – are responsible for providing services that are considered socially necessary but are not provided on a commercial basis by operators. Metro lets contracts for the operation of socially necessary services.
- 1.2 It follows that a bus operator's success depends on the attractiveness of the service that they offer. The more the service is used by the public the more successful the operator will be. Reliability punctuality directness and value for money are key elements in the provision of a good service.
- 1.3 Currently 97.2% of First's network of services in West Yorkshire is operated on a commercial basis. A process of network reviews throughout West Yorkshire with Metro has resulted in some contracted journeys being operated by First on a commercial basis and is being extended to Leeds. (See 10 Area Bus Network Reviews below)
- 1.4 Following the changes the proportion of First's operations in Leeds that are commercial will be c98.25%

2 The Role of WYITA

- 2.1 In addition to supporting the operation of socially necessary services WYITA through its Executive (Metro) takes responsibility for:
 - Infrastructure – bus stops and shelters
 - Bus Stations
 - Production and distribution of publicity to a standard format

3 Key Issues – Fares

- 3.1 Operators are responsible for setting the fares charged on bus services. In setting the fare levels First aims to achieve profit on individual routes and sufficient cumulative profit to support an investment programme and a regular supply of new buses.
- 3.2 Fares have risen by 54% between 2004 and 2012 which is higher than the general rate of inflation as measured by RPI. However bus operators have faced cost increases such as fuel that is not generally included in the RPI basket. Transport based costs in the Northern Region as compiled by Confederation for Passenger Transport (CPT) show a 55.1% increase over the same period.

- 3.3 The need to recover increased costs when public sector subsidies are being reduced as local authorities pursue their respective austerity agendas has coincided in recent years with a greater pressure on First to enhance fares and ticketing arrangements such as the child concessions resulting in a significant challenge.
- 3.4 Reported average fuel costs increased by 142% in the same period. BSOG (Bus Service Operators Grant paid to operators as a proportion of fuel duty on fuel used) has been reduced by 20% in 2012.
- 3.5 Fuel typically used to be 4-5% of a bus operator's total costs. It is now 15%.
- 3.6 First has successfully reduced its operational costs but other than attempting to reduce fuel costs by "hedging" has little alternative but to pass on the cost to customers through fares increases. First has invested in alternative fuel technologies to further reduce the cost of providing bus services.
- 3.7 First has simplified fares and increased their attractiveness to alleviate the effect of fares increases. These include:
- The introduction of a short hop fare. The lowest fare was increased from 90p to £1 in 2010 and the £1.20 fare reduced to £1. The "short hop" fare has not been increased since and has proved attractive. Sales have increased by nearly 35% and the fare is used by almost 15% of all on-bus fare payers in Leeds.
 - Promotion of the Leeds Green week ticket. Withdrawal of the previous Leeds weekly ticket in 2010 and the extension of the area served by the Leeds Green ticket resulted in many passengers benefiting from a reduction in the cost of a week's travel from £17 to £12 – a drop of 30%. 22.1% of all on-bus fare paying passengers now uses a Leeds Green week ticket in the City.
 - First has been a prime mover in the promotion of Metrocard products revenue from which has increased by 9% between 2010 and 2012 with bus only revenues of c£18m
 - First introduced a new Child Weekly ticket in Leeds in September 2012 at £8 with a special offer of £5 during school holidays. Previously only a Child Day ticket had been available at £2.
 - First accepted a lower reimbursement level for Child Concessionary fares in April 2012 which results in annual payments to First being reduced from approximately £6.5m to £4.8m.
 - General fares increases have been limited to once per year.
 - In January 2013 First will introduce the Bus for Jobs scheme enabling persons who have been unemployed for between three months and a year to travel free.

4 Key Issues – Ticketing

- 4.1 First has identified that a simple fare structure with tickets designed to suit customer requirements similar to the "Oyster Card" is a key part of providing a good service and value for money to the customer.

- 4.2 First has invested £2.6m in a new ticket machine system for West Yorkshire. The system uses “smart” technology and will enable the introduction of the ‘Oyster style’ ticketing that will help passengers to purchase the tickets that most suit their needs and will also pave the way for a maximum daily cap to be applied ensuring that customers making multiple journeys benefit from appropriate discounts.
- 4.3 It also paves the way for inter availability of tickets between operators on specific corridors. From December 2012 First has joined forces with Centrebus and Transdev to enable passengers to use any of the companies’ tickets on any of the buses travelling along A65 Kirkstall Road. Over 40 000 passengers weekly will benefit from the greater choice and flexibility.
- 4.4 First and other operators in Leeds are working towards the introduction of full inter availability of tickets in 2013 enabling a passenger to travel on more than one bus with one ticket regardless of the operators.
- 4.5 Introduction of smart ticketing will increase the amount of off bus ticket sales. Encouraging passengers to buy their tickets before travelling reduces the time a bus spends at stops speeds up journey times and makes the journey more attractive. It is estimated that there will be a 1.5 second saving in journey time per passenger using a smartcard.
- 4.6 Currently 18% of First’s fare paying passengers buy their ticket off the bus. Day and weekly tickets are bought on bus and if the additional journeys for which the tickets are used are taken into account the proportion of off bus sales rises to 61%.
- 4.7 Further work is being undertaken to explore the possibility of renewing tickets through the use of mobile phones and other electronic devices to further increase the proportion of off bus sales.
- 4.8 In 2011 First along with other operators in ABOWY, in partnership with Metro were successful in securing circa £5m of Dft funding to establish a West Yorkshire wide smart technology ticketing platform. A partnership governance arrangement is now in place and the project plan forecasts the introduction of multi operator fare capping as part of its implementation.

5 Journey Times

- 5.1 Traffic congestion is a serious problem in Leeds and has a bearing on bus services in a number of ways. Delays and the attendant unreliability reduce the attractiveness of the service increase the cost of operation and add to pollution.
- 5.2 Scheduled service running times have increased by approximately 30% over the last 35 years because of increased traffic. This has resulted in additional cost of operating the services as in essence more and more buses, miles and drivers have been needed to be deployed as journey running times have increased. Significantly the increased running time on services using the guided bus ways has been very small illustrating the benefits provided by the bus only sections of road.

- 5.3 25 additional buses (more than 7% of the fleet) are operated in Leeds every peak period just to maintain the standard service frequency. The annual additional cost is estimated at approximately £3.5m.
- 5.4 The additional cost arising from traffic congestion is approximately 10% of First's total cost in Leeds. First cannot influence road traffic speeds but has invested in service delivery and other qualitative improvements to compliment infrastructure enhancements such as Scott Hall Road and York Road Guided Bus Ways and A65 corridor improvements. In the past First has contributed to the capital costs of such projects where considerable deployed resource savings have been able to be achieved and sustained.
- 5.5 On Scott Hall Road £10m was invested in a joint venture between First Leeds City Council who installed the guide ways bus lanes and undertook junction improvements works and Metro who provided new shelters bus stops and information. Passengers increased by 80% in the first five years of use.
- 5.6 In a £21m scheme on A65 designed to reduce delays and enable faster journey times for buses Leeds City Council has provided dedicated 24 hour bus lanes combined with bus priority at traffic signals. Metro provided new shelters with real time information whilst First equipped the routes using the corridor with a fleet of 17 new low emission buses. First is willing to contribute to road improvements at congestion points and to re-invest into higher frequencies and better services savings that result from improved bus priorities. Previous schemes

6 Reliability

- 6.1 First's goal is to operate 99.5% of all scheduled journeys and for 95% of those journeys to depart and arrive at destinations within one minute early and five minutes late of their scheduled time.
- 6.2 Due mainly to traffic congestion First's reliability has declined. In 2009/10 98.63% of all scheduled miles were operated 98.17% in 2010/11 and 97.45% in 2011/12 but punctuality improved between 2010/11 and 2011/12 from 90.4% of all trips operating on time to 91.99% in 2011/12.

7 Routes

- 7.1 Examples of recent improvements to routes have included:
- Re-launch of Service 72 between Leeds and Bradford as Hyperlink in October 2012 with newly refurbished buses equipped with leather seating and Wi-Fi using Customer Hosts to help passengers. Frequency had been increased previously from every 10 to every 7/8 minutes with a 19% increase in passengers.
 - Increased frequencies of Scot Hall Road services from 8 to 12 buses per hour in May 2011
 - Increased frequency of Service 40 and Service 51 from every 10 to every 7/8 minutes in 2011
 - Introduction of £1 student fare on Service 95 resulting in 48% passenger increase

- 7.2 At the end of January 2013 the frequency of Service 1 will be increased from every 10 to every 7/8 minutes on Monday to Saturday daytimes and the evening and Sunday frequency will be increased from every 20 to every 15 minutes. Service 6 will also benefit from an increased evening and Sunday frequency – from every 20 to every 15 minutes.
- 7.3 Following the withdrawal of funding for the free Leeds City Centre bus First has operated it without subsidy at a 50p flat fare since early 2012.
- 7.4 All recent service changes have been subject to consultation with metro and where required public and political consultations have taken place. Specifically First has made short notice changes following public requests
- Extension of Service 4 from Pudsey Waterloo to Galloway Lane in October 2012
 - Increase in frequency of Service 86 from Bramley to Owlcotes and Pudsey from every 60 to every 30 minutes in 2011.
- 7.4 Future service changes which are currently under consideration include the development of Service 1 and rescheduling of services on Headingley Lane and the possible increase of Service X84 from every 20 to every 15 minutes.
- 7.5 First has invested heavily in new buses. 98 new buses were placed in service in Leeds in 2012 at a cost of £18.4m. Additionally by the end of 2012/3 60% of the remaining Leeds buses will have been subject to extensive refurbishment and interior renewal.
- 7.6 First opened a new depot in Hunslet in 2008/9 at a cost of £10m.
- 7.7 The average age of First's fleet has been reduced from 9.7 years in 2003/4 to 8.3 years in 2008/9 and 7.9 years in 2012/3. The newer buses have the latest environmentally friendly engines with reduced pollutants. Additionally 22 new hybrid buses went into service on Service 7/A on Scot Hall Road which release 35% less carbon emissions into the atmosphere.
- 7.8 It is planned that the number of new buses for 2013/14 will be similar to those introduced in 2012/13
- 7.9 During 2012/13 First has re-established a local Leeds identity and has re-launched 204 of its buses on 18 services as part of its High Frequency Service Programme. This is a root and branch review of the performance and service delivery quality of each of First's primary routes within its networks. Passenger journey growth associated with this and our commercial fares strategy through 2012/13 has resulted in passenger journey growth of between 1 and 3% in different sectors of the city. Individual service passenger growth rates have been significantly more than this in some cases where the improvements have had longer to establish themselves in the current year.

8 Opportunities for Increased Bus Usage

- 8.1 Bus passengers increased in West Yorkshire from 178.4m in 2010/11 to 184.0m in 2011/2 an increase of 3.1% according to figures supplied by the local authorities. First's passenger numbers indicate a small increase of 2.3% in 2011/12 and a smaller increase of 1.3% in 2012/3 so far.

- 8.2 Key factors in increasing passenger numbers are reliability, punctuality, journey speed and value for money for the customer. Independent surveys conducted by Passenger Focus in 2012 on First services in Leeds indicated 83% of passengers were satisfied or very satisfied with their bus service.
- 8.3 The greatest opportunity for increased bus usage lies in reducing congestion and reducing journey time. First is also increasing off bus ticket sales to speed up passenger boarding times and will continue to implement the various stages of its smart ticketing strategy in an effort to improve the situation further.
- 8.4 Elimination of congestion points through provision of:
- bus ways
 - bus priorities at busy junctions
 - traffic signal priorities
- Would produce benefits of increased speed reduced journey times greater reliability and more attractive journey times for passengers.
- 8.5 Reduced journey times would reduce costs of operation which would result in lower fares and further growth in passengers. First is willing to invest savings derived from reduced congestion in increased frequencies or fares propositions which would further increase passenger volumes. Increased passengers would reduce congestion increasing the attractiveness of the bus further and reducing pollution; a truly virtuous circle.

9 Role of Highway Authority

- 9.1 Not only can the local Highway authority work in partnership with the bus operator to reduce congestion and speed up bus services as outlined in 8.4 but can assist in bus lane enforcement. First is pleased to have benefited from the improvement of one minute in journey times between July 2011 and 2012 as a result of bus lane enforcement by the City.
- 9.2 Co-ordination of highway and utility works and good advance notice of forthcoming delays would greatly assist First to maintain reliability for the benefit of the passenger or publicise alternative arrangements in the event of road closures.
- 9.3 First has benefited in Bristol from the joint use with the City Council of the traffic control centre which has enabled a swifter response to ad hoc traffic problems and looks to develop similar close working relationships with Leeds City Council.
- 9.4 In the Transport for Leeds Study 2010 it was estimated that business in Leeds would receive £1bn. in productivity benefits over 60 years if bus journey times were reduced by 15-20%. A further £305m of benefits would be generated for firms located outside Leeds.
- 9.5 First would benefit directly. As indicated in 5.3 the cost to First of peak time congestion in Leeds is of the order of £3.5m per annum

10 Area Bus Network Review

- 10.1 First has participated in discussions with Metro on the Leeds Bus Area Network Review, reviewing services and journeys secured by contract and to minimise payments. The objective is that core high frequency services will be operated without any public financial support and secondary services (largely core) will be operated mainly without support but with the minimise payments to support journeys operated at quiet times. Similar changes were implemented in Bradford in April 2012.
- 10.2 As a consequence First has offered to operate commercially a number of journeys that had previously been under contract to Metro at an annual cost – and saving to Metro – of c£1m. It is anticipated the changes will be introduced in the first three months of 2013.

11 Overview of QC Scheme and details of Proposed Quality partnership

- 11.1 A Quality Contract Scheme would involve Metro inviting tenders from operators for the operation of a number of routes within Leeds. Consequently the financial risks of operation would be transferred from the bus operators to Metro which could result in higher taxes on Leeds residents to meet shortfalls in revenue or unexpected cost increases for instance in the price of fuel. South Yorkshire ITA rejected pursuit of a Quality Contract because a ten year Quality Contract would see SYITA locked into a costly deal where one of the most significant risks during its operation would be that the network revenue was below expectation.
- 11.2 Bus services would be designed by Metro, who would determine fares and ticket types and would specify the type age and size of bus to be used on each of the services and would determine the structure of the bus network generally.
- 11.3 A similar system is operated in London under TfL. However the average expenditure per head of population in London is nine times that expended by Metro on bus services in West Yorkshire, with only 70.4% of operational costs being recovered from fares and concessionary fares payments. This compares with 93% in PTE areas. The cost of the contracted bus services in London in 2010/1 was £720m. The additional public expenditure in London is partly funded by contributions from congestion charging
- 11.4 It will take approximately three years from the date of announcement of the intention to introduce a Quality Contract to satisfying statutory requirements prior to introduction. A Quality Partnership does not need to meet statutory requirements and can be introduced at short notice avoiding any delays. The benefits of a Quality partnership between ITA and operators could start to be delivered almost immediately after its introduction. Additional staff will be required by Metro to manage a Quality Contract and by bus operators to comply with its requirements.
- 11.5 A Quality Contract transfers the risk of meeting costs of operation from the companies to the ITA. In the event of a shortfall in revenue or sudden increase in costs this could result in either cuts in services imposed by the PTE, increased fares or a demand for additional funding through the Community Tax.

- 11.6 Under a Quality Partnership envisaged by ABOWY (Association of Bus Operators in West Yorkshire) First would continue to meet the financial risk of operating services. New agreements would result in operators accepting all tickets on their buses regardless of which operator had issued them giving utmost flexibility to the passenger. Introduction of Oyster style tickets from 2013 onwards would increase off bus ticket sales and improve journey times and enable issue of the ticket most suited to the requirements of the passenger. A similar ticket would not be introduced under a Quality Contract until at least 2016.
- 11.7 Introduction of a Quality partnership involving First in Sheffield resulted in 36% of passengers benefitting from a fare reduction. Lower fares were financed by savings from co-ordinated timetables. The Partnership is forecast to increase ridership by 3% in year one and 2% in years two and three. By comparison the proposed Quality Contract was forecast to increase passengers by 2.14% in year 1 and only by 0.47% each year thereafter.
- 11.8 SYPTE is anticipating benefits from additional funding through devolvement of BSOG distribution to the extent of £1.5m p.a. for Sheffield alone. A similar figure would apply in Leeds but the additional funding is not available where a Quality Contract is introduced.
- 11.9 There are examples of Partnership working elsewhere in England that have achieved solid and consistent annual growth in passengers. Brighton and Nottingham stand out and have the highest ridership per head of population 167 and 163 respectively compared with 81 in West Yorkshire.
- 11.10 ABOWY proposes wide consultation on bus services involving representatives from bus companies, Metro, Leeds City Council and passenger groups and clear rules and arrangements on dealing with passenger complaints. Independent "mystery traveller" surveys would be conducted on a regular basis to identify areas for improvement.
- 11.11 A Quality Partnership board would be established comprising officers of Metro, representatives and officers of Leeds City, as well as passenger group representatives and Operators. Binding agreements would dictate the standard and age of buses frequency and integration of services and acceptable driving standards.
- 11.12 A Quality Partnership will deliver improvements quickly and at considerably less risk to the public purse than a Quality Contract.
- 11.13 Regardless of the regime under which bus services operate significant strides towards attracting more passengers to buses in Leeds will not be made without close partnership between bus operators and the Leeds Highways department further building on the work which has been done to date.