

# GREATER LONDON AUTHORITY

## REQUEST FOR MAYORAL DECISION – MD2592

### Bus driver retention

#### Executive Summary:

The Mayor has identified addressing the recruitment and retention of London bus drivers as one of his key priorities, ensuring an appropriately skilled workforce of bus drivers in London, who are incentivised to remain in that role.

The Mayor has already implemented the Mayor's London Bus Driver Professional Wage and the Licence for London to ensure drivers can retain relevant experience pay grades when moving between operators. It is now proposed to introduce a retention payment scheme for bus drivers with payments at two and three years' service, up to £1,600 per driver in total, as an incentive to remain employed as a bus driver. The scheme will operate until 2024 when it will be reviewed.

Transport for London (TfL) will administer this retention payment scheme through its route operating agreements with bus operators (who are the bus drivers' employers) and this decision seeks approval from the Mayor to transfer £34 million to TfL by means of a revenue grant to cover the initial costs of the retention payments, together with approval from the Mayor to direct TfL in relation to the implementation of this retention payment scheme.

#### Decision:

The Mayor:

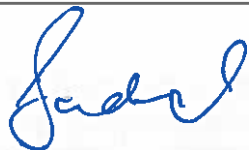
1. directs TfL under section 155(1) of the Greater London Authority Act 1999 to prepare, finance and implement the bus driver retention payment scheme described in this Form in accordance with the Direction Document at Appendix 1; and
2. approves the GLA making a revenue grant to TfL of £34 million under section 121(1) of the Greater London Authority Act 1999 and authorises officers to agree arrangements under which the grant is to be applied towards expenditure incurred for the purposes of, or in connection with, the discharge of TfL's functions.

#### Mayor of London

I confirm that I do not have any disclosable pecuniary interests in the proposed decision and take the decision in compliance with the Code of Conduct for elected Members of the Authority.

The above request has my approval.

Signature:



Date:

2/3/20

## PART I – NON-CONFIDENTIAL FACTS AND ADVICE TO THE MAYOR

### Decision required – supporting report

#### 1. Introduction and background

- 1.1. The Mayor has identified addressing the recruitment and retention of bus drivers for the public services operated by Transport for London (TfL) as one of his key priorities, ensuring an appropriately skilled workforce of bus drivers in London, who are incentivised to remain in that role.

##### *Recruitment and retention*

- 1.2. Bus operators report to TfL that bus driver recruitment and retention is becoming increasingly challenging in London. This has been exacerbated by Brexit and the weak pound which has made it more difficult to attract workers from Europe.
- 1.3. Bus operators appointed by TfL have been making efforts to recruit and retain staff, including under apprenticeships, but are proving unable to have a material impact on this issue. The Mayor and TfL have in recent years been working with Unite the union and bus operators to improve the attractiveness of the role.
- 1.4. In December 2016, the Mayor announced a new starter minimum wage of £23,000 for drivers working across all of London's bus companies working with TfL. The new 'minimum professional London bus driver wage' has been applied to all new TfL contracts awarded to bus companies from April 2017 and rises in line with inflation (from April 2019, the current minimum became approximately £24,710 and will rise to £25,530 in April 2020). The 'Licence for London' (LfL) was introduced in January 2018 and sought to maintain drivers' wages if they moved between bus companies, seeking to keep drivers in the sector.
- 1.5. TfL is taking other steps to address bus driver and union concerns about working conditions beyond pay. Work is underway to tackle bus driver fatigue, which as well as improving the safety of the network will improve the health, safety and wellbeing of drivers. Major interventions include a requirement from summer 2020 that all companies wanting to operate London buses will have to have rigorous fatigue risk management systems in place and a £500,000 innovation fund available to operators to help identify the most effective interventions to reduce fatigue.
- 1.6. Workplace violence is a major concern for all public transport workers and TfL has recently developed a Workplace Violence Strategy which includes steps to improve safety and the support for staff if they are affected by workplace violence. All bus operators have been asked to sign up to the Workplace Violence and Aggression pledge to further strengthen this work.
- 1.7. TfL has been working with Unite and bus operators to install toilet facilities for drivers on all bus routes. In February 2018, the Mayor announced £6m of funding to help deliver toilets on routes that had not yet had them installed, setting a target to have facilities in place on 42 priority routes in 2019. This intervention followed a report by the London Assembly, 'Driven to Distraction', which recommended that TfL commit to the provision of toilets on all routes at all times a bus is in service.

##### *Impact on the network*

- 1.8. TfL's Travel in London report<sup>1</sup> shows that while total demand for public transport in London – measured in journey stages – grew by 64.9 per cent between 2000 and 2017, bus demand is now declining. Growth in bus demand was similarly strong between 2000 and 2008, corresponding to a period of particular investment in the bus network, but after a period of levelling off, demand has

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<sup>1</sup> Travel in London 2019: <http://content.tfl.gov.uk/travel-in-london-report-12.pdf>

declined by 8.0 per cent since 2014. In the same period, demand on Underground/ DLR and Overground/ National Rail has continued to grow. The decline in bus demand is despite the context of continued growth in London's population over the same period, which would otherwise have been expected to result in patronage growth each year.

- 1.9. TfL's research has shown that reliability has the greatest impact on overall satisfaction with buses.<sup>2</sup> An unreliable service, such as buses not turning up on time and changes to routes, which may be necessary when staff are not available, impacts satisfaction: satisfaction scores will always be lower if reliability is not met (regardless of how the bus journey performs against other satisfaction drivers). Dissatisfaction will influence overall demand for the network, which in turn is impacting TfL's finances. The operating deficit in buses will increase by £82m in 2019/20, with £38m of this due to lower demand. In 2019/20, it will reach £722m, the highest bus subsidy in TfL's history. Though it is necessary to subsidise bus services in London, TfL is concerned that this level of growth in subsidy is unsustainable.
- 1.10. TfL is taking action to improve the operation of the bus network. Its most recent customer service operational performance report<sup>3</sup> shows that performance is improving, for example as a result of changes to signal timings to expedite buses through busy junctions. The minutes of excess wait time on the bus network continues to improve. Efforts to improve staff recruitment and retention may also help to improve customer experience of, and therefore demand for, the bus network. However, challenges remain for the bus network and some of these are driven by driver availability. Shortages of drivers could affect ridership, if services become less reliable. Staff Lost mileage<sup>4</sup> data demonstrates increasing unreliability. The average annual percentage increased from 0.06 per cent in 2015/16 to 0.10 per cent in 2018/19 and up to 0.16 per cent in the current financial year. This is the highest seen since before 2011/12 and the current figure for between periods P05 to P10, of this financial year, is an unprecedented 0.21 per cent.
- 1.11. The prevalence of agency drivers conceals the true impact of staff shortages. Around three per cent of all drivers are agency staff on any given day. Staff lost mileage data would be much higher if not for agency drivers; the impact of staff lost mileage without agency drivers would be more than that of roadworks or disruption. Similarly, some bus drivers will also work overtime to help manage staff shortages. While some drivers may be willing to work overtime and indeed may choose to, it is difficult to address lost hours by getting drivers to work overtime and this is not a uniform solution that will work across London.

#### *Retention payment scheme*

- 1.12. In spite of the interventions outlined in paragraphs 1.4 – 1.7, challenges for bus driver retention remain. Consideration has been given to the breadth of initiatives that are described; in that context, it is considered that the proposed retention payment scheme is required to address the retention issues identified.
- 1.13. Data from London bus operators shows that driver turnover is high, with levels reaching as much as 50 per cent within two years. Anonymised data from the seven main operators in London is included in table 1.

<sup>2</sup> Exploring the Bus: customer satisfaction survey metrics: <http://content.tfl.gov.uk/exploring-the-bus-css-metrics.pdf>

<sup>3</sup> <http://content.tfl.gov.uk/customer-service-and-operational-performance-report-2019-20-q2.pdf>

<sup>4</sup> Staff Lost Mileage is mileage not operated due to staff causes. This can be a result of: insufficient staff to cover the service due to shortages, sickness, absence, holidays, sickness on duty (part loss) and suspension of driver (without replacement).

**Table 1: staff turnover percentage within first two years of employment**

Operator	% staff turnover within first 2 years
Operator 1	14
Operator 2	24
Operator 3	24
Operator 4	27
Operator 5	35
Operator 6	35
Operator 7	51

- 1.14. Starter rates for other TfL operational roles such as customer service or operational officers are higher than the current minimum professional driver wage for bus drivers. As levels of pay are reported as a contributory factor to driver turnover, a targeted retention payment is proposed to assist in alleviating the problem. There is a precedent for this approach with a per shift 'bonus' having been paid by Ken Livingstone when he was Mayor, and a similar \$1000 payment per school term was offered to school bus drivers in Ontario, Canada.<sup>5</sup>
- 1.15. The retention payment is proposed to be made on the two-year service milestone given the high early level of staff turnover. It is also the point at which a bus driver becomes fully qualified. A retention payment of £1,600 per driver is proposed to be paid in two stages: a payment of £1,000 at two years' service and a further £600 after a further year. It is hoped that, by the three-year point, drivers will feel more committed to a career as a London bus driver and an additional payment at this stage will serve as an additional incentive to stay beyond two years.
- 1.16. Specific plans need to be put in place for existing drivers. Where drivers already have two year's service at the time of the scheme being introduced, they will be eligible for the £1,000 payment and if three years' service, the full £1,600 as a single payment. This is considered to be a fair way to treat the professional bus driver community in London. Where a driver moves between employing operators before reaching the two years' service point and that driver participates in the LfL, their previous experience recorded on their LfL will be taken into account.
- 1.17. The retention payment will be pro-rated for drivers who work part time. Agency drivers will not be eligible for the retention payment. Only bus drivers who are employed driving on regular bus routes contracted by TfL will be eligible for a retention payment under this scheme; it does not apply to other bus drivers working in London.
- 1.18. It is proposed that this scheme will operate until May 2024. The bus driver retention initiative will then be reviewed for effectiveness at which point consideration will be given as to whether to extend the scheme. If it is to be extended, a further Mayoral Decision will be sought.
- 1.19. It is anticipated that there will be an initially high level of payments to the current bus driver community, followed by a steadier stream of smaller payments on an ongoing basis as newer drivers reach the milestone. The initial payments are expected to be in the order of £34 million, based on indicative figures from affected bus companies. Around two-thirds of the funding will be allocated to drivers with over 2 years' experience (i.e. £1000 instalment) and the residual third for those with over 3 years' experience (i.e. £600 instalment).
- 1.20. Given the Mayor's desire to see these proposals implemented, it is proposed that the GLA funds the initial payments to the drivers who have already reached this milestone by way of a grant of £34

<sup>5</sup> <http://www.osba.on.ca/driver-retention-program>

million to TfL and that the Mayor directs TfL to implement this retention payment scheme. A direction is considered appropriate in the circumstances to ensure that TfL prioritises this important initiative.

- 1.21. Under this scheme, TfL will bear the cost of ongoing retention payment payments after the initial applications. It is anticipated that the cost to TfL will be in the order of ~£3.5 million per annum for ongoing retention payment payments until May 2024. It is anticipated that a further ~2000 drivers will be eligible to receive a retention payment in subsequent years, subject to the scheme continuing, although it is hoped those numbers will decrease over time as the retention payment takes effect. The eligible 2000 drivers per annum figure is based on a snapshot in time and could fluctuate year on year.
- 1.22. The administration of this retention payment scheme will be a matter for TfL but it is anticipated that payments will be made to operators through the route operating agreements, ensuring compliance with data protection legislation.
- 1.23. This scheme is predicated on a discretionary, time-limited policy and is not intended to be a contractual entitlement of any bus driver.
- 1.24. TfL has been consulted on the proposal for it to undertake delivery of the proposed bus driver retention payment scheme and TfL has confirmed it is content with this approach. Notwithstanding this, it is also proposed that the Mayor directs TfL to prepare, finance and implement the proposed scheme. The proposed direction is set out in the Direction Document at Appendix 1.

## **2. Objectives and expected outcomes**

- 2.1. The retention payment scheme for professional bus drivers working on bus routes contracted by TfL is designed to help alleviate the recruitment and retention difficulties faced in relation to professional bus drivers in London.
- 2.2. TfL will ensure, in implementing the scheme, that it undertakes spot checks to ensure that payments are received by the drivers for which they are intended and that steps are taken to avoid fraud. TfL will ensure that these activities are compliant with data protection legislation.

## **3. Equality comments**

- 3.1. The Mayor, GLA and TfL are subject to the “public sector equality duty” contained in section 149 of the Equality Act 2010. The duty requires each body to have due regard to three outcomes when exercising their functions: (1) the need to eliminate unlawful discrimination, harassment and victimisation; (2) to advance equality of opportunity between those who share a protected characteristic and those who do not; and (3) to foster good relations between such people. Protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, gender, religion or belief and sexual orientation.
- 3.2. The public sector equality duty has been considered in preparing this proposal and will continue to be considered by TfL in its implementation. The retention payment scheme will apply to all London bus drivers working on TfL contracted routes who have the required levels of service without discrimination.
- 3.3. TfL is not the employer of bus drivers in London and does not, therefore, have full details of the characteristics of the bus driver community. TfL has carried out an initial screening assessment of this proposal and will seek input from bus operators to develop a full assessment and any mitigating actions required. The initial screening raises possible issues to explore in further detail regarding age, disability, gender and maternity, though action is proposed to avoid discrimination on these grounds:
  - Age: As the proposed scheme has a service requirement for eligibility, older drivers are marginally more likely to be eligible. This service requirement is, however, considered the

most effective way to meet the scheme's objectives of encouraging retention and, therefore, to the extent that there is a discrepancy of age between those who are eligible and those who are not, it is justifiable. Moreover, all drivers will be eventually eligible (whatever their age) provided that in due course they satisfy the service requirement, so the impact of age should be minimal.

- **Disability:** Some staff with disabilities or limiting conditions may have been on long-term sickness absence. Their continuous service will determine eligibility and they will receive a payment in line with other staff according to their contracted hours.
- **Gender:** Generally staff who are part-time are more likely to be women. Part time workers will receive a pro-rated payment according to their contracted hours.
- **Maternity:** Staff who have taken maternity leave have taken some time out of work. Their continuous service will determine eligibility and they will receive a payment in line with other staff according to their contracted hours.

- 3.4. TfL will now work with bus operators to complete a full Equality Impact Assessment using more detailed staff data to ensure there are no discriminatory impacts from the implementation of the retention payment scheme. While no specific benefits have been identified in terms of fostering good relations between those with a protected characteristic and those without, no disbenefits have been identified.

#### **4. Other considerations**

##### *a) Risks and issues*

- 4.1. Given the proposed payments relate to individuals, TfL has identified the need to ensure the scheme is implemented in compliance with data protection legislation.
- 4.2. No officer involved in the drafting or clearing of this Mayoral Decision has any interests to declare.

##### *b) Links to Mayoral Strategies and priorities*

- 4.3. The Mayor's Transport Strategy published in March 2018 has policies that would be supported by a more experienced and resilient workforce of bus drivers, which is the objective of the proposed retention payment scheme. This include Policy 1, the key objective of the strategy to encourage modal shift:

*"The Mayor, through TfL and the boroughs, and working with stakeholders, will reduce Londoners' dependency on cars in favour of active, efficient and sustainable modes of travel, with the central aim for 80 per cent of all trips in London to be made on foot, by cycle or using public transport by 2041."*

- 4.4. The bus network has a role to play in providing suitable alternative to car use. As such, Policy 15 of the Mayor's Transport Strategy focuses on improvements to the network, and this retention scheme will contribute to the quality of the network:

*"The Mayor, through TfL and the boroughs, and working with stakeholders, will transform the quality of bus services so that they offer faster, more reliable, accessible, comfortable and convenient travel by public transport, while being integrated with, and complementing, the rail and Tube networks."*

##### *c) Consultation and impact assessments*

- 4.5. No consultation is required on this proposal but bus companies will be engaged in the delivery of this scheme.
- 4.6. The equality impacts are discussed in section 3 above and will be further assessed using workforce data from bus operators.



## **5. Financial comments**

- 5.1 This Mayoral Decision asks the Mayor to direct TfL to prepare, finance and implement the bus driver bonus scheme as described above. It is anticipated that TfL's budget for the scheme will be in the region of £3.5m per annum, provided that the scheme continues and the cost to TfL of future payments under the Scheme (currently estimated at £3.5 million per year) will be considered in future TfL business planning and GLA Group budget processes.
- 5.2 It also asks that the Mayor approves the making of a revenue grant to TfL of £34 million under section 121(1) of the Greater London Authority Act 1999 (the Act) and authorises officers to agree arrangements under which the grant is to be applied towards expenditure incurred for the purposes of, or in connection with, the discharge of TfL's functions.
- 5.3 The £34 million revenue grant to TfL will be funded from additional growth in Business Rates, to be transferred to TfL by the 31 March 2020.

## **6. Legal comments**

- 6.1. It is proposed that the Mayor directs TfL to prepare, finance and implement the proposed retention payment scheme. Under section 155(1)(c) of the Act, the Mayor may give TfL specific directions as the exercise of its functions. Those functions include the operation of the London bus network.
- 6.2. Appendix 1 sets out the text of the proposed Direction Document. Under it, the Mayor directs TfL to prepare, finance and implement the proposed retention payment scheme. TfL will design and administer the scheme and payments will be made by TfL, rather than the GLA.
- 6.3. It is proposed that the GLA provides TfL with £34 million funding to cover the initial cost of the proposed retention payment scheme. Under section 121(1) of the Act, the GLA may transfer funding by way of grant to TfL towards meeting revenue expenditure incurred or to be incurred by it for the purposes of, or in connection with, the discharge of TfL's functions. Such grants must not be made subject to any limitation in respect of the expenditure to which it may be applied.

## **7. Planned delivery approach and next steps**

- 7.1. Following engagement with bus operators and Unite the Union (the major representative trades union for bus drivers in London), the scheme is currently planned to be launched in February 2020 with the first payments to drivers being made in March 2020.

## **Appendices and supporting papers:**

Appendix 1: Direction Document – London Bus Driver Retention payment Scheme

### Public access to information

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FoIA) and will be made available on the GLA website within one working day of approval.

If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary. **Note:** This form (Part 1) will either be published within one working day after it has been approved or on the defer date.

### Part 1 - Deferral

**Is the publication of Part 1 of this approval to be deferred? No**

Until what date: (a date is required if deferring)

### Part 2 – Sensitive information

Only the facts or advice that would be exempt from disclosure under FoIA should be included in the separate Part 2 form, together with the legal rationale for non-publication.

**Is there a part 2 form – NO**

### ORIGINATING OFFICER DECLARATION:

Drafting officer to  
confirm the  
following (✓)

#### Drafting officer:

Claire Hamilton has drafted this report in accordance with GLA procedures and confirms the following:

✓

#### Sponsoring Director:

Philip Graham has reviewed the request and is satisfied it is correct and consistent with the Mayor's plans and priorities.

✓

#### Mayoral Adviser:

Heidi Alexander has been consulted about the proposal and agrees the recommendations.

✓

#### Advice:

The Finance and Legal teams have commented on this proposal.

✓

#### Corporate Investment Board

This decision was agreed by the Corporate Investment Board on 24 February 2020.

### EXECUTIVE DIRECTOR, RESOURCES:

I confirm that financial and legal implications have been appropriately considered in the preparation of this report.

Signature

*M. D. Allen*

Date

*26.2.20*

### CHIEF OF STAFF:

I am satisfied that this is an appropriate request to be submitted to the Mayor

Signature

*D. Bellamy*

Date

*28/2/2020.*