

# GREATER LONDON AUTHORITY

## REQUEST FOR MAYORAL DECISION – MD2460

### Fares for two small-scale 12-month research and development demand responsive bus trials in outer London

#### Executive Summary:

Transport for London (TfL) believes demand responsive bus (DRB) services may have the potential to complement the established bus network, thereby encouraging more sustainable forms of travel and reducing car dependency.

At least one, and subject to contract agreement, two small-scale research trials will be delivered in outer London for a period of 12 months. The purpose of the trial(s) is to provide insight into six detailed research objectives that will inform TfL's longer-term view of the role of demand responsive buses in London's transport network.

The trial(s) will be managed as if part of the London Bus Network (rather than operating on a London Service Permit) and as such, a Mayoral Decision is required to approve the fares. The intent is that this Mayoral Decision and associated fares direction would apply to both trials.

Key to TfL's research is flexibility to test fare options. This Decision sets out the proposal for a fare range and outlines the fare options that would be tested within that range. This approach will ensure that TfL understands the relationship between fares, demand and customer perception and feedback and has the ability to encourage particular users and types of trips during the trial, providing it with balanced input to inform its research and evaluation. The Freedom Pass and English National Concessionary Travel (ENCT) Pass will be accepted.

There is no change to the Mayor's commitment to freeze fares on all other bus network services at £1.50.

#### Decision:

The Mayor:

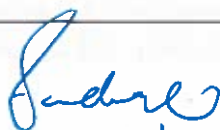
1. Approves the proposed parameters for the fares to be implemented on these 12-month trial services (as outlined in section 1 below).
2. Signs the attached Direction to TfL issued pursuant to the power in section 155 (1) (c) of the Greater London Authority Act 1999 to implement these fares.

#### 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:

29/4/19

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

### **Decision required – supporting report**

#### **1. Introduction and background**

##### Background to the trials

- 1.1. Transport for London (TfL) believes demand responsive bus (DRB) services may have the potential to complement the established bus network, thereby encouraging more sustainable forms of travel and reducing car dependency.
- 1.2. Pre-booked demand responsive transport (DRT) services can provide a more flexible and dynamic form of public transport in areas which are hard to serve with conventional bus routes. While this model has traditionally been limited to niche markets such as assisted transport services, the rise in smartphone ownership and development of app-based technology has grown interest in DRT services for more mainstream application.
- 1.3. In March 2018 TfL issued a market sounding questionnaire to understand the appetite of operators and technology providers to work with TfL and co-fund a small-scale, 12-month research trial, that would align with core TfL terms and conditions. After establishing market appetite to work with TfL, and following engagement with key stakeholders, a competitive procurement process was undertaken from May – October 2018 to secure operators to deliver the trial with TfL.
- 1.4. At the time of writing, TfL have awarded a contract with one operator to deliver a trial and are exploring the possibility of a contract award with a second operator. These two operators would deliver different services, with different target customer groups and operating practices, in two different parts of outer London. This approach helps further TfL's insights into many of its objectives (as listed in section 2).
- 1.5. Further information on how the service will work is included in the consultation materials for the first trial (see Appendix A).

##### Research trial

- 1.6. Demand responsive transport is being explored across the country as a possible complement to existing transport networks. In London it is already happening through taxi and private hire licensing agreements for private operators.
- 1.7. To date, private operators in London have not directed demand responsive shared transport services to the areas of outer London with the greatest mode shift challenge; where car dependency is high and public transport accessibility levels are low. Access to any data from private operators is also limited. Delivering and co-funding a trial of its own provides TfL the opportunity to:
  - test the potential of these services in such an area of outer London to see if these services can help the Mayoral objective of 80% of trips by walking, cycling or public transport by 2041;
  - collect all the necessary data and insights required to help inform a longer-term strategic view of the role of demand responsive buses in London's transport network, which includes understanding the customer, MTS and commercial impacts and issues of such a service (see six research objectives in section 2); and
  - help TfL to set standards for any potential future TfL service on issues important to TfL and the Mayor, including safety, accessibility, air quality, affordability, the use of concessions and customer service.
- 1.8. It will be important that through these 12-month trials TfL has the flexibility to test a number of aspects of the trial to ensure TfL reaches a balanced set of users and therefore has balanced input for

its research and evaluation. This may include small changes to the service area, trying new promotional tactics and testing a variety of fare options. Testing a variety of fare options will not only allow TfL to secure the demand to gather sufficient data on its six key research objectives, but will help it understand the relationship between fares and demand, giving TfL a deeper appreciation for the overall economics of this business model.

- 1.9. The trial(s) will be managed as if part of the London Bus Network (rather than operating on a London Service Permit) and as such, a Mayoral Decision is required to approve the fares.

#### Proposed fares

- 1.10. In accordance with the specifications developed by TfL for this 12-month research trial, and on which negotiations and agreements with service providers have been based, the parameters of the fares are proposed as follows, with an understanding that the final fare would be reasonable, evidence based and include any of the fare options referenced in section 1.13.
- 1.11. The fare would be more than the prevailing bus fare on London local services per journey (£1.50), with an expectation that the average fare will be no more than £3.50 per journey, and under no circumstances more than £6.50 per journey.
- 1.12. At the time of writing it is expected that both trials will be launched with a flat fare of £3.50.
- 1.13. Fare options that could be tested throughout the 12-month research trial to help inform research objectives include:
- Flat fare i.e. the same price for any trip regardless of time of day or distance;
  - Additional passenger discounts i.e. additional passengers on the same booking get a discounted price;
  - Time-based capping or passes to drive longer term behaviour change;
  - Use of discount promotional codes to encourage particular uses or users;
  - Employer or sponsor subsidies established with workplaces to help drive long term behaviour change on a commute; and
  - Variable pricing e.g. by time of day or distance.
- 1.14. It will be important that any changes to the fares (as per the list at 1.13) would be subject to agreement by London Bus Services Ltd who are managing the operation of the demand responsive bus trial and who would be committed to issuing a period-by-period report noting the average fare, lowest and highest fare from that period (within the parameters noted above).
- 1.15. It is not proposed to integrate any trial service with the TfL Oyster card payment system. This is because, unlike other TfL services, payment for this service will need to be made in advance of the trip via a credit or debit card, and because it would be financially prohibitive to integrate payment systems for such a small scale and short-term trial.
- 1.16. There is no change to the Mayor's commitment to freeze fares on all other bus network services at £1.50.

#### Concessions

- 1.17. In accordance with the specifications developed by TfL for this time-limited research trial, and on which negotiations and agreements with service providers have been based the (a) the Freedom Pass and (b) the English National Concessionary Travel (ENCT) Scheme only shall apply in respect of

demand responsive bus trials. In addition, children aged under 5 will travel for free when accompanied by a fare paying adult.

- 1.18. Holders of the Freedom Pass and ENCT Scheme will need to follow a simple registration process to register their pass details before using the service and will have to show their pass to the driver upon boarding to confirm their validity.
- 1.19. No one under the age of 18 will be allowed to make a booking without confirming the consent of a parent or guardian. This is to ensure that the operator receives valid and lawful consent to be able to process and confirm the booking.
- 1.20. Children under the age of 13 will only be allowed to use the service when accompanied by a guardian, parent or other adult who has booked a trip.

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

- 2.1. The Mayor is under a statutory duty to develop and implement policies for the promotion and encouragement of safe, integrated, efficient and economic transport facilities and services to, from and within Greater London.
- 2.2. The key objective of trialling these services in London is to help develop a strategic view of the role of demand responsive buses in London's transport network. It is also an opportunity to gain insight on new ways of delivering a service that could be applied to other TfL services, included assisted transport. More specifically the six trial objectives are:
  - To understand if a demand responsive bus can deliver a high-quality service which is easy to use, safe, clean, reliable and accessible to all Londoners;
  - To understand the impact of a demand responsive bus service on demand for travel by car, walking and cycling, and other forms of public transport;
  - To understand if and where a demand responsive bus service can enhance transport options and suitably complement existing public transport, while still delivering a safe and attractive environment on our streets;
  - To understand the economics of a demand responsive bus service;
  - To understand the maturity of DRT apps to plan and arrange journeys; and
  - To help establish the appropriate demand response bus operating standards for staff and customers.
- 2.3. TfL will report on the outcomes of this trial.

## **3. Equality comments**

- 3.1. Under section 149 of the Equality Act 2010, as public authorities, the Mayor and TfL are subject to the public sector equality duty and must have due regard to the need to (i) eliminate unlawful discrimination, harassment and victimisation; (ii) advance equality of opportunity between people who share a relevant protected characteristic and those who do not; and (iii) foster good relations between people who share a relevant protected characteristic and those who do not. Relevant protected characteristics under section 149 of the Equality Act are age, disability, gender re-assignment, pregnancy and maternity, race, religion or belief, sex, and sexual orientation.

- 3.2. The duty above applies to the Mayor's duty to direct TfL as to the general level and structure of fares under the Greater London Authority Act 1999 ("GLA Act 1999"). The Mayor is not required to conduct a consultation in relation to the fares proposals in this decision.
- 3.3. TfL has identified seven groups of Londoners (highlighted below) who typically face barriers to public transport use.
- 3.4. **BAME Londoners** are more likely to live in low-income households and are likely to cite affordability as a barrier to transport.
- 3.5. For those who may feel unsafe or threatened waiting at bus stops (particularly at night), the provision of real time updates of vehicle arrival time could act positively on their perceived personal safety and security. A service with a denser network of stops which can therefore pick-up / drop-off customers closer to their homes could also improve this.
- 3.6. A small-sized bus which is shared with strangers could create an uncomfortable travel environment for those who feel most at threat of discrimination while travelling by public transport. Drivers will be trained to a high standard to help maintain safeguarding standards for vulnerable customers. Any virtual stops will be manually assessed for their suitability, with the safety of customers the key criterion in this.
- 3.7. **Women** are more likely to be the primary carer at home so are less likely to be in full-time employment and more frequently cite affordability as a barrier to transport.
- 3.8. Research undertaken for the Department for Transport suggests that DRT services are particularly valued by women customers as the door-to-door service offered is perceived to offer enhanced personal security compared to regular buses (Enoch et al, 2004). While this trial will not offer door to door services, the denser network of stops and confirmed pick up time could be seen as a benefit.
- 3.9. Drivers will be trained to a high standard to help maintain safeguarding standards for vulnerable customers. Any stops will be manually assessed for their suitability, with the safety of customers the key criterion in this.
- 3.10. **Older Londoners** are more likely to be retired, and many live on low incomes.
- 3.11. By focusing on an area where existing public transport coverage is currently less viable, the trial service should offer improved access to essential services and local amenities, particularly for older customers without other means of travel. The guaranteed seat for customers who have confirmed a booking will also support this group.
- 3.12. With a planned emphasis on app-based booking for trips, older users could be affected by a lack of access to a smartphone or a lack of digital literacy. For one of the trials an alternative booking system will be provided. TfL will be closely monitoring the accessibility of these booking options throughout the trial
- 3.13. **Disabled Londoners** are more likely to live in low-income households.
- 3.14. The trial service will be accessible to wheelchair users, expanding the range of trips that can be made step-free by public transport within the trial area. By offering a denser network of stops and a confirmed pick-up time the trial is expected to improve access to public transport. It will also enable wheelchair customers to travel with confidence that a space will be available on the bus as all journeys must be pre-booked.
- 3.15. Those with other forms of disability (especially learning difficulties) could find difficulty in booking the service and understanding how it works. Those customers with visual impairments could face challenge in booking the service via an app and also locating the pick-up point. The service will use a

mix of existing bus stops and approved and accessible stops. The app used for the service will be screen reader compatible for both Apple and Android phones.

- 3.16. **Younger Londoners** are less likely to be physically disabled but more likely to be from a BAME community. To ensure that the operator receives valid and lawful consent to be able to process and confirm the booking on this service for young people: no one under the age of 18 will be allowed to make a booking without confirming the consent of parent or guardian; and children under the age of 13 will only be allowed to use the service when accompanied by a guardian, parent or other adult who has booked a trip. In line with most other UK transport services, under 5s will travel for free when accompanied by a fare paying adult.
- 3.17. Londoners on low incomes tend to be women and older, BAME and disabled people, and those not in work. Low income largely reflects working status, though the underlying causes may be tied to education, qualifications, health and, in some cases, transport.
- 3.18. It is important to note that there will be no impact on the cost or provision of other existing local services. The cost of the trial service will be more than the prevailing bus fare on London local services per journey, which could impact on its affordability to those on low incomes.
- 3.19. **LGBT Londoners** tend to be younger and are more likely to have reported hate crime as a concern for them.
- 3.20. For those who may feel unsafe or threatened waiting at bus stops (particularly at night), the provision of real time updates of vehicle arrival time could act positively on their perceived personal safety and security. A service with a denser network of stops which can therefore pick-up/drop-off customers closer to their homes could also improve this.
- 3.21. A small-sized bus which is shared with strangers could create an uncomfortable travel environment for those who feel most at threat of discrimination while travelling by public transport. Drivers will be trained to a high standard to help maintain safeguarding standards for vulnerable customers. Any virtual stops will be manually assessed for their suitability, with the safety of customers the key criterion in this.
- 3.22. The Mayor is required to consider the potential equalities impacts discussed above, and any mitigations in place, at the time a decision to direct is made in relation to the fare proposals in this paper. The proposals will not have an adverse impact on TfL's ability to run and invest in transport services.

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

- 4.1. This trial links to existing strategic plans.
- 4.2. In the Mayor's Transport Strategy (MTS) there are proposals to trial demand responsive bus services as a complement to existing public transport services, in areas of outer London where car dependency is higher and more conventional forms of public transport are less viable.

*"...explore and trial demand-responsive bus services as a possible complement to 'conventional' public transport services in London" [Proposal 104]*

*"...explore the role for demand-responsive bus services to enable Good Growth, particularly in otherwise difficult-to-serve areas of outer London." [Proposal 92]*

- 4.3. In addition, the trial can help provide strategic value on some fundamental challenges in delivering the MTS, including the following:



- providing an alternative to car use in Outer London to support mode shift targets (Policy 1);
- prioritizing space-efficient modes of transport to tackle congestion and improve the efficiency of streets for the movement of people and goods (Policy 5);
- delivering co-ordinated improvements to public transport to provide an attractive whole journey experience that will facilitate mode shift away from the car (Policy 10);
- making the public transport network easier and more pleasant to use, enabling customers to enjoy comfortable, confident, safe and secure, informed and stress-free travel (Policy 13);
- enabling disabled and older people to more easily travel spontaneously and independently (Policy 14);
- providing services to new housing developments to entrench a preference for public transport to support the Mayor's principles of Good Growth (Policy 21); and
- understanding the potential alignment of this new service model (already operating in London) with the Healthy Streets Approach principles (Policy 23).

## **5. Risks**

- 5.1. This is a 12-month research trial of a new type of public transport service in London. Although the operators have experience and expertise in running these services and can demonstrate demand from car users in the proposed service areas, true demand for this new service won't be fully understood until the service starts. A key risk is that the demand which materialises does not meet the goals of the research trial, either because it is too low, too high, or not from the appropriate target market. For example:
- insufficient demand to generate learnings from the trial;
  - demand is not coming from the range of users TfL wants to see for a balanced research trial, and in particular is not attracting trips that would otherwise have been made by car; and
  - the service can't keep up with the demand for booking the service.
- 5.2. The approach proposed in this Mayoral Decision will provide the flexibility to mitigate these risks, ensuring TfL and their operating partner have the ability to adjust fares to encourage appropriate demand

## **6. Financial comments**

- 6.1. The 12-month research trials will be funded between TfL and the procured operators. In addition to sharing costs, the revenues will also be shared between TfL and the operator, with TfL taking 50% and the operator taking 50%. Separately TfL will pay the operator for the Freedom Pass and ENCT trips undertaken. Revenues collected are not anticipated to fully off-set costs incurred by either TfL or the Operator.
- 6.2. There are no financial implications of this decision for the GLA.

## **7. Legal comments**

- 7.1. This document relates to the trial of a service and the legal comments are made on that basis.
- 7.2. As noted above, the Mayor is under a statutory duty to develop and implement policies for the promotion and encouragement of safe, integrated, efficient and economic transport facilities and services to, from and within Greater London (section 141 of the Greater London Authority Act 1999

(GLA Act)). TfL is statutorily required to exercise its functions to facilitate that transport duty (section 154 (3) (b) of the GLA Act). Testing the viability of new forms of transport provision is consistent with these duties.

- 7.3. As public bodies, the Mayor and TfL are both subject to the public sector equality duty under section 149 of the Equality Act 2010, which is addressed in part 3 of this document. Further, it is noted in part 1 that the Freedom Pass and English National Concessionary Travel Scheme passes will be accepted on the proposed trial service.
- 7.4. It is noted that a competitive procurement process was undertaken to identify the trial operators.
- 7.5. Under section 155(1) of the GLA Act, the Mayor has power to issue guidance, general directions and specific directions to TfL, and under section 174 the Mayor is required to exercise his section 155(1) powers so as to ensure that the general level and structure of fares for public passenger transport services, provided by TfL directly, or under agreement with TfL, and the general structure of routes, are determined.

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

- 8.1. London Bus Services Limited (a subsidiary company of TfL) are responsible for managing delivery of the trial, working with the procured operator and coordinating support from other parts of the business.
- 8.2. The contract for one trial is already final and consultation has been undertaken on the service area (Sutton) with the aim of launching a service in May 2019. Negotiations on a second trial are underway, with the aim of contract award in late April 2019 and service launch in autumn 2019. Further proposed milestones are noted in Table 1.

**Table 1: Proposed Trial Milestones**

<b>Milestone</b>	<b>Proposed timeline for Trial 1</b>	<b>Proposed timeline for Trial 2</b>
Procurement of contract	January 8 2019	April 2019
Public announcement of awarded operator	February 2019	May 2019
Consultation on the service area	February 2019	May 2019
Service Start Date	May 2019	Autumn 2019
Final evaluation start and finish (self/external)	May 2019-May 2020	Autumn 2019-Autumn 2020
Service End Date	May 2020	Autumn 2020
Project Closure	May 2020	Autumn 2020

## **Appendices and supporting papers:**

Appendix A - Consultation Materials for Demand Responsive Bus Trial in Sutton  
Appendix B – Direction



**Public access to information**

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FOI Act) 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 approval or on the defer date.

**Part 1 Deferral:**

**Is the publication of Part 1 of this approval to be deferred? YES**

If YES, for what reason: Planned launch event

Until what date: 27 May 2019

**Part 2 Confidentiality:** Only the facts or advice considered to be exempt from disclosure under the FOI Act should be 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 Eagle (with input from Tfl) has drafted this report in accordance with GLA procedures and confirms the following:

✓

**Sponsoring Director:**

Debbie Jackson 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 23 April 2019.

**EXECUTIVE DIRECTOR, RESOURCES:**

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

**Signature**

*M. D. Hllc*

**Date**

*24.4.19*

**CHIEF OF STAFF:**

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

**Signature**

*D. Bellamy*

**Date**

*24/4/2019.*

