

## **A. OVERVIEW**

### **1. What's happening today (10<sup>th</sup> August 2017)?**

- NTA is announcing that Go-Ahead is the preferred bidder for the contract relating to the operation of 24 Public Service Obligation bus routes in the Dublin metropolitan area.
- NTA has written to Go-Ahead today to that effect, and there is now a standard contractual stand-still period of two weeks in place.
- NTA will be formally sending the company a detailed Letter of Intent by the end of August.
- Go-Ahead is expected to begin operating some of these routes by the end of November 2018 and all routes by February 2019.

### **2. Why is this good for passengers?**

- The reason we are doing this is ultimately to improve bus services for Dublin.
- Dublin Bus is very successful company and has managed to provide good quality bus services for its customers, for the city and for the region. It knows its market and it knows its business.
- But it is never the case that a company can have a monopoly on wisdom or experience, and we believe that bringing in a new operator into the market will bring a fresh dimension to the way that services are offered.
- We can all learn something from the likes of Go-Ahead and introducing new providers encourages everybody to focus on their customer's needs. It also encourages innovation and improvements to service quality.
- It has also been the experience internationally that introducing some level of competitive tendering into PSO service like this, usually results in a much better deal for passengers and for the public in general.
- A process like this can often result in savings of 20-30% in operating costs, which frees up money for NTA to invest in introducing new services and improving existing ones.
- Cost savings can reduce need for State subsidies or can be shared with public transport users in the form of lower fares, encouraging people to use public bus services, and reducing congestion.

### **3. Is this privatisation?**

- This is not privatisation. This is like Luas.
- Luas is owned by the state and run by Transdev. These routes will be owned by the state and run by Go-Ahead.
- Like Luas, this is a contracted service that will be tightly managed by the NTA on behalf of the people of Ireland.
- Like Luas the services, timetables, routes, fares etc. will all be determined by the NTA.
- Like Luas, the fleet will remain a state asset, and not a privately owned one.
- Like Luas the operator cannot amend the service without the Authority's approval.
- In recent years, we have tendered contracts for the operation of a relatively small number of bus services at regional level, and we expect to continue to tender similar contracts in the future.

### **4. Is this a threat to the future of Dublin Bus?**

- No.
- We recognise that Dublin Bus and their staff are doing a good job carrying 125million passengers a year and they will continue to be the main operator in Dublin.
- As Go-Ahead begins to operate these routes and as Dublin Bus withdraw, the subvention will follow the services. So the money going to Dublin Bus that is currently associated with these routes will move to Go-Ahead.

## Q&A - BMO

- However, new money will be made available to Dublin Bus through greater passenger numbers and subsidy from the NTA to improve the quality and quantity of existing services.
- The details, timing and sequencing of these improvements will be a matter for discussion between Dublin Bus and NTA, but there's absolutely no reason why these changes could not take place in parallel with the transfer of routes to Go-Ahead, and with Dublin Bus being funded accordingly.
- In other words, as far as NTA is concerned, there is no prospect of Dublin Bus ending up at a financial disadvantage, either in the short term or the long term.
- NTA intends to fully cover the net cost to Dublin Bus of any service enhancements introduced as part of their contract.

### **5. How will new demand come about?**

- Public transport demand and activity has picked up in recent years in line with economic and employment growth.
- Economists estimate Ireland's GDP growth forecast to be between 3.5% and 4% for 2018, and we know that demand for public transport is very closely aligned to economic growth.
- Dublin Bus passenger journeys have increased by 11.5% to 125.4 million since 2013.
- The NTA expects this trend to continue and improve as additional routes and service enhancements are introduced.

### **6. What is the legislation that underpins this move?**

- At European level Regulation 1370/2007 and at a national level the Dublin Transport Authority Act 2008.

## **B. IMPLICATIONS FOR PASSENGERS**

### **1. When will people see these new-buses on the streets? What is the time line?**

- We have written to Go-Ahead today to indicate to them that they are the preferred bidder and we will be formally sending them a detailed Letter of Intent by the end of August.
- Go-Ahead is expected to begin operating some of these routes by the end of November 2018 and all routes by February 2019.

### **2. Can this new company hike up fares at will?**

- No. The fares will be determined by NTA.
- The fare structure will be precisely the same as on services provided by Dublin Bus.

### **3. Will they take Leap Card / feature in the National Journey Planner / have the RTPI service?**

- Yes, yes and yes.

### **4. Can people transfer easily from a Go-Ahead bus to a Dublin Bus – just like they do now between buses?**

- Yes. Journeys will be seamless from that point of view. Season tickets valid on Dublin Bus services will be valid on Go-Ahead services and vice-versa.

### **5. Will Go-Ahead and Dublin Bus be duplicating functions and facilities, and will this increase costs?**

- Any additional overhead of providing facilities is included in the price tendered by Go-Ahead. However, their tender provided the Most Economically Advantageous Tender (MEAT) and

NTA considers that it will be better value for money over the duration of the contract than the current cost paid to Dublin Bus for these services.

- In any case, as the market grows, new facilities such as depots are likely to be required regardless of whether we tender services.
- Transport for Ireland website and apps will act as a single port of call for all public transport information needs.

### **6. What difference will passengers see on the ground?**

- One of the objectives here is that by having an operator with Go-Ahead's track record we will see improvements and enhancements in how bus services are provided.
- The NTA expects improved punctuality and reliability in particular as well as improvements in many other aspects as set out in more detail below.
- Quality of service is measurable and therefore the NTA has set out in the contract the customer service levels expected from Go-Ahead. The NTA will use the contract terms to drive up levels of customer service.
- Two of the key quality aspects of providing bus services are reliability (i.e. did the service operate) and punctuality (did the service operate on time). NTA monitors all subvented services in Ireland and penalises operators if services fall below the contractual targets. This same approach will be taken with Go-Ahead. There are also incentives in this contract for beating punctuality targets.
- Many other customer service quality aspects are also measured by NTA and performance targets are built into contracts.

## **C. IMPLICATIONS FOR WORKERS**

### **1. What safeguards will workers have?**

- The agreement reached following LRC discussions in May 2015 set out that over a 2 to 3 year period there will be sufficient growth to absorb the drivers released from losing the BMO tendered services if Dublin Bus were unsuccessful. NTA has already had discussions with Dublin Bus regarding possible service enhancements in the event they were not successful in the BMO competition.
- Some new or amended routes are in planning as are opportunities for additional services on existing routes. NTA anticipates the cost of providing these additional routes and services will be largely similar to the current level of activity over a short timeline, certainly within the 2 to 3 years envisaged in the LRC recommendation.
- We have already been working with Dublin Bus to come up with a plan on increasing the number of services and the frequency of existing services that they run so that in two years' time, they will be operating a similar level of service as they are now and will be staffed accordingly.
- The LRC recommendation of May 2015 accepted by all parties at that time (Unions, NTA and Department) set out that workers' rights would be protected and that NTA would ensure these were built into the contract with the winning bidder.
- There will be no redundancies in Dublin Bus associated with the result of this tender competition.

### **2. Is the pension scheme for workers inferior under the new arrangements?**

- No. The NTA has ensured that the contract includes provisions for adequate pension arrangements for employees.
- For staff recruited by the new service provider, the contract requires that a Pension Scheme (Defined Contribution) will be put in place whereby an employer contribution of up to 5%, matches the employee % contribution.

- In the event that any Dublin Bus employees choose to transfer to the new service provider, a Pension Scheme (Defined Contribution) will be put in place which will provide a comparable level of benefits as the CIE Wages Scheme offers. This would include a compulsory employer contribution of 8% which is matched by a 4% employee contribution.
- The arrangements will also offer 4 times basic salary for death in service for single members and 10 times basic salary for married members. This would apply to either staff recruited directly by the new service provider, or to any Dublin Bus employees who choose to transfer to the new service provider.
- The rationale for this approach to pensions is to offer certainty of cost, promote engagement by members, support fairness of employee/employer funding.

## C. COMPARISON

### 1. What transport markets operate like this?

- Luas services have been successfully provided for the state by a private company since 2004.
- The NTA has a number of PSO services provided by private companies around the country i.e. Whartons Coach Travel in Athlone to Longford; M&A Coaches in Cashel to Portlaoise
- The majority of rural transport services are provided by private operators under contract with the NTA.
- Tendering of bus services is common throughout Europe. London operates buses on a similar tendered basis. All services are provided by private operators under the Transport for London banner, using the familiar red buses on all routes.
- Smaller capital cities of comparable size to Dublin, for example Copenhagen, Stockholm and Oslo also tender contracts for the operation of bus services in their cities. Bus services are also tendered in the Netherlands, Italy Germany France and Spain.
- Further afield, bus tendering models in cities such as Melbourne, Perth and Adelaide in Australia and Auckland in New Zealand are comparable.

## D. TENDER PROCESS

### 1. How much is this contract worth to Go-ahead?

- This was a competitive bidding process, and clearly we're not at liberty to share commercially sensitive information such as tender prices.
- The process used followed closely the normal public procurement process where the Most Economically Advantageous Tender (the "MEAT" tender) is identified through detailed assessment which includes a weighted score for price and quality.
- Go-Ahead are being awarded "Preferred Bidder" status at this time. This means the NTA will issue them with a "Letter of Intent" setting out the conditions upon which NTA will award a contract.
- These conditions mainly include satisfying the NTA that a depot can be established.
- Only then will the contract be awarded, i.e. when the NTA is satisfied Go-Ahead have met the Letter of Intent conditions.

### 2. How did the tender process work?

- The tender assessments were conducted by two separate teams, price and quality. The two assessments were conducted with no information exchange between the teams until following detailed assessments, draft scores were awarded.
- Only then did the two teams meet to consider if there were any inconsistencies between the price document and the quality document which were provided separately in the tenders.

## Q&A - BMO

- The tender board was made up of three NTA Executives and an external consultant who has significant experience of bus tendering.
- The weighting ratio between quality considerations and price considerations was 35:65
- This was considered by the NTA as the best fit for this competition.

### E. IMPLICATIONS FOR TAXPAYER

#### 1. Will the overall cost of operating bus services in Dublin be lower now?

- It is typically the case that markets that move to competitive tendering, show substantial initial cost impacts. These cost saving are generally in the 20-30 per cent range.
- While we cannot indicate prices at this time, we are confident that the tendered service will result in savings for the state, even taking into account any set up costs.

#### 2. Can the new operator increase fares to cover costs?

- No. This is a Gross Cost Contract where NTA pays the provider to operate the routes and where NTA keeps the fares.
- The NTA is responsible for the award of any fare increases, and in any case, we anticipate that the increase in passenger numbers and PSO funding will fund any cost increases associated with the provision of additional and enhanced public transport services.
- The fare structure will be the same for all services in Dublin, regardless of who is providing them.

### F. QUALITY CONTROL AND ENFORCEMENT

#### 1. What will happen if the new service is not performing to expectations?

- All contracts have performance KPIs that must be met by the operator for punctuality, reliability and customer service. Failure to meet these targets can result in financial penalties.
- If performance is persistently poor and KPIs continue not to be met, then termination of the contract can be considered.

### G. THE SUCCESSFUL TENDER

#### 1. Who are Go-ahead?

- Go-Ahead are an experienced transport operator with operations primarily in the UK.
- Go-Ahead is one of the largest bus operators in London and is recognised as one of the most successful consistently achieving high scores in customer service surveys by TfL
- Go-Ahead was established in the late 1980s in North East England with the privatisation of the National Bus Company. It grew through the acquisition of a number of bus companies and expanded into the rail market in the 1990s.
- Go-Ahead's three core divisions are: **Regional UK bus services**, accounting for 7% of the UK market; **Go-Ahead London** services operated on behalf of Transport for London; and **Rail**.