Transport and Environment Committee

10.00am, Tuesday, 17 January 2017

Transport for Edinburgh Strategy 2017-2021 and Lothian Buses Business Plan 2017-2019

Item number	7.1
Report number	
Executive/routine	Executive
Wards	All

Executive Summary

With its growing population, social and economic activity, Edinburgh is one of the most prosperous cities in the UK. The Council aims to ensure that Edinburgh is a thriving, successful and sustainable capital city in which all kinds of deprivation and inequalities are reduced.

An accessible, inclusive and fully integrated public transport network, where tram and bus networks are supported by active travel (cycling and walking) will enable this vision and support sustainable future growth.

This report presents the Transport for Edinburgh (TfE) Strategy for Delivery 2017–2021. It aims to set the strategic direction and outcomes for the company and puts forward a set of objectives and activities for TfE, Lothian Buses, and Edinburgh Trams. The report also considers Lothian Buses' (LB) new Business Plan 2017-19 and the progress made in the Edinburgh Trams (ET) operational plan.

Links

Coalition Pledges	P19, P50
Council Priorities	CP2, CP6, CP7, CP8, CP11
Single Outcome Agreement	SO1, SO2

Report

Transport for Edinburgh Strategy 2017–2021 and Lothian Buses Business Plan 2017-2019

1. Recommendations

1.1 It is recommended that the Committee:

1.1.1 approves TfE's five year Strategy for Delivery 2017–2021 (TfE Strategy);

1.1.2 approves the TfE objectives and activities that are related to, and in support of, the agreed Council objectives in paragraph 3.14 of this report;

1.1.3 agrees that the business plans of TfE, and its group companies LB and ET should facilitate and support the TfE Strategy outcomes (paragraph 3.10) and the wider Council and city ambitions as set out in this report (paragraph 3.14);

1.1.4 approves LB's new Business Plan 2017-2019 noting the areas for further work as set out in paragraph 3.20, and requests a progress report by Autumn 2017 on these matters;

1.1.5 notes that TfE's three year operational plan will be presented at a future Committee meeting for approval;

1.1.6 notes that the ET has also developed an operational plan which sets out how, over the next three years, ET will meet the Council's financial and operational expectations within the framework set out in the TfE Strategy;

1.1.7 notes that a Service Level Agreement (SLA) will be developed between the Council and TfE. The SLA will define the governance arrangements for the functions and activities detailed in the TfE Strategy; and

1.1.8 notes that TfE will submit, for approval, Business Cases for the functions and activities that were agreed by the Committee at its meeting on 30 August 2016.

2. Background

2.1 TfE is an Arms Length External Organisation (ALEO) wholly owned by The City of Edinburgh Council. TfE is the shareholder on behalf of the Council in LB and ET. This arrangement is governed by a Shareholder Agreement between the Council and TfE.

2.2   The company, in its present form, was designed to satisfy a number of key requirements, including creating a single economic entity allowing LB and ET to operate together whilst complying with UK competition law and other legal requirements.

2.3   At its meeting on 25 August 2015, the Transport and Environment Committee approved objectives for LB and ET in relation to customer services, ticketing and fares, growing patronage, fleet investment, timetabling and journey times. It also noted the TfE Board's workstreams that should be taken forward, in collaboration with the Council, to deliver integration.

2.4   At its meeting on 12 January 2016, the Transport and Environment Committee noted that the TfE Board had instructed its incoming Chief Executive to develop a strategy, setting the strategic direction and outcomes for the company and its group companies - LB and ET. The strategy would demonstrate how TfE and group companies (ET and LB) will deliver seamless, high quality, integrated public transport which will assist with the planned growth and expansion of the city in a sustainable and environmentally acceptable way. The TfE Strategy will provide the overarching strategic framework to help deliver the vision for public transport in Edinburgh.

2.5   At its meeting on 30 August 2016, the Transport and Environment Committee agreed that:

2.5.1   a SLA between the Council and TfE will be developed. The TfE Strategy and the subsequent operational plans will help shape this SLA;

2.5.2   TfE should develop and submit, for approval, commercial business cases for the following activities which are incorporated in TfE's Strategy;

- the management and operation of Edinburgh Bus Station;

- the management and operation of existing Council Park and Ride Sites;

- City Operations (including CCTV, traffic and travel information and responses to facilitate efficient travel demand);

- integrated ticketing;

- communications and marketing; and

- a no/minimal cost city bike hire scheme.

2.5.3   the SLA will require further discussions between the Council, TfE, ET and LB, with any associated changes to the current governance arrangements to be reported back to Committee for approval. The TfE Strategy proposes to optimise shared services (e.g. Finance, HR and Marketing and Communications etc) across the Group and their alignment wherever possible. Any changes to the provision of these shared services will take place in consultation with ET, LB and the Council.

2.6 Shareholder agreements require TfE and LB to develop and present operational plans for the Council's approval. These operational plans are expected to align with the strategic framework provided by the TfE Strategy and support the Council's wider objectives and ambitions.

2.7 The governance and working arrangements between the Council, TfE, LB and ET was reported to this Committee on 30 August 2016. The Council asked TfE to work closely with LB and ET when developing the TfE Strategy so that all three companies' business plans reflect the strategic objectives and outcomes set out in the Strategy.

3. Main report

3.1 TfE was established in 2013, to manage the local authority owned part of Edinburgh's public transport network. It is wholly owned by the Council. In turn, TfE owns 100% of the shares in ET and 91.01% of the shares in LB, with the balance owned by East Lothian, West Lothian and Midlothian Councils.

3.2 As instructed by the TfE Board, TfE has developed a five year Strategy 2017-2021, setting the strategic direction and outcomes for the company and its group companies, LB and ET. Appendix 1 presents the TfE Strategy approved on 15 December 2016 by the TfE Board. In it TfE sets out a strategic delivery framework which is supported by individual operational plans of the group companies, TfE, LB and ET to deliver the expected outcomes.

3.3 The TfE operational plan (2017-2019) is being developed to detail the company activities and targets in the next three years. It will be presented to the Council for approval at a later date.

3.4 The ET Business Plan (2017-2019) is under development and expected to be approved by the ET Board in January 2017. The Plan details how ET will meet the Council's financial and operational expectations over the same three years, within the framework provided by the TfE Strategy.

3.5 The existing LB business plan expired at the end of 2016. As required by the Shareholder Agreement, LB has developed and presented to the Council a new three-year Business Plan 2017-2019 for approval. Some parts of the Plan are commercially confidential. A summary of the Plan has been prepared and is included in appendix 2. Confidential briefings on the full Plan are available to Elected Members on request.

3.6 The remainder of this report considers the key aspects of the TfE's Strategy, the LB's and ET's Business Plans.

TfE Strategy For Delivery (2017-2021)

3.7   TfE has undertaken consultation with a wide range of Edinburgh stakeholders which live, work, study and invest in the city and a number of external transport organisations, including passenger transport executives in Scotland and England and public transport operators. TfE also reviewed integrated public transport operations in cities across the world to inform the Strategy.

Vision

3.8   In the Strategy, TfE's vision is defined as "to provide world class, integrated, environmentally-friendly and socially inclusive transport which plays a central role in the future prosperity of Edinburgh and the Lothians". This aligns with the Council's Priorities.

Outcomes

3.9   The draft TfE Strategy was prepared through consultation with customers, stakeholders, forums and Council Officers and is informed by the hierarchy of national, regional and local transport strategies.

3.10 The desired outcomes of the Strategy are in line with the Council Priorities and Principles (see Appendix 1). These include:

- Accessible services;
- Socially inclusive services;
- A healthy and sustainable city;
- World class integration;
- Economic benefits; and
- Customer satisfaction.

Objectives and Activities

3.11 The TfE Strategy includes a wide range of objectives and activities (see Appendix 1).

3.12 The Council aims to ensure that Edinburgh is a thriving, successful and sustainable capital city in which all kinds of deprivation and inequalities are reduced.

3.13 The following objectives and activities are directly in line with TfE's Shareholder Agreement; the Council's agreed objectives and activities for TfE and its group companies (see paragraph 10.1-10.3); the draft Local Development Plan; and the current Local Transport Strategy and its action plans.

3.14 In summary, these agreed objectives and activities are to:

- act as the holding company for the Council and hold the Council's shareholdings in LB and ET;

- deliver and provide an integrated network of public transport in Edinburgh and the Lothians. In particular:

  - deliver full potential of the existing tram (and any future tram extension) by growing its patronage;

  - work with LB and ET to develop a truly integrated public transport network; to grow its patronage; and to support the future expansion of the city as set out in the approved Local Development Plan;

  - provide integrated travel information (including active travel options and Wayfinding) and excellent customer service under one brand name, TfE;

  - to work with LB and ET to provide an extensive suite of integrated ticketing options (multi-operator and multi-modal) and fare strategies;

  - to work with LB to provide environmental and public realm improvements through fleet (e.g. hybrid and electric buses) and route management;

  - to work with LB and ET to review and configure bus routes to integrate with tram and help to minimise the number of vehicles in and across the Edinburgh city centre;

  - improve interchange and the provision for 'last-mile' (to/from bus/tram stops) on foot, by bike and/or Park and Ride;

  - to work with LB and ET to improve bus and tram frequency, including evenings and Sundays;

  - improve bus and tram journey times;

  - unify tram and bus control systems and integrate with the Council systems;

  - contribute to policy development as the key provider of an integrated public transport agency;

- provide certain strategic and support functions (on an arm-length basis or at cost) to its Subsidiaries and Subsidiary Undertakers;

- procure appropriate funding arrangements (on an arm-length basis or at cost) to its Subsidiaries and Subsidiary Undertakers; and

- develop commercial business cases for:

  - the management and operation of Edinburgh Bus Station;

  - the management and operation of existing Council Park and Ride Sites;

  - City Operations (including CCTV, traffic and travel information and responses to facilitate efficient travel demand);

  - integrated ticketing;

  - communications and marketing; and

  - a no/minimal cost city bike hire scheme.

3.15 A SLA between the Council and TfE will detail the governance and management

arrangements as agreed previously by Transport and Environment Committee.

3.16 It is paramount that future TfE, LB and ET's business plans will reflect these objectives and activities to facilitate the outcomes of the Strategy (paragraph 3.10) and to support the wider Council aims, strategies and plans. Commercial considerations will also need to be taken on board in the development of all future plans.

LB Business Plan (2017-2019)

3.17 The new LB Business Plan aims to demonstrate that LB and its associated companies will maintain and develop its market share and continue to be the provider of affordable, reliable and high quality bus services to the people of Edinburgh and the surrounding area.

Objectives

3.18 The Plan includes a wide range of objectives and activities; including to:

- support economic development and population growth within the city and its environs;

- provide and support transport opportunities for all;

- commit to reducing transport's contribution to climate change and improve its resilience;

- enhance quality for all that live and visit in the city;

- improve safety and security for all; and

- engage with communities to provide high levels of social engagement and interaction.

Targets and Activities

3.19 The Plan aims to deliver the majority of the Council's desired outcomes and objectives. These include activities to provide: growing bus patronage; affordable and accessible services; environmentally friendly fleet services; cashless ticket operations and information provision. In addition, it includes activities to support the Council's bus priority initiatives and the Park and Ride sites.

3.20 Some important medium term work in a number of key areas will be required as the plan moves forward. These include:

3.20.1 building on how LB works in partnership with, TfE, and ET, to deliver the Council's integrated public transport agenda within the framework set out in the TfE Strategy;

3.20.2 setting out relevant strategic objectives and plans that would deliver the Council's expectations (paragraph 3.14) in relation to future planning of bus network and operations;

3.20.3 setting out operational objectives and plans to provide and promote integrated public transport options (in terms of network, frequency, ticketing/fare), marketing and communication plans in partnership with TfE and ET;

3.20.4 including a plan (or setting out a process for developing a plan) for bus and tram integration to reflect the Council's aspirations regarding reduced traffic in the city centre to improve public realm; and

3.20.5 working in partnership with the Council to benefit from its investment in active travel (walking and cycling) as a means to increase public transport accessibility, in reference to both making public transport available and a real option for those who have no access to a car; and improving physical access to bus stops/interchanges).

ET Operational Plan (2017-2019)

3.21 ET's Operational Plan is expected to be approved by the ET Board in January and will be presented to the Council for approval at a later date. The plan will build on the tram's strong operating track record since it became operational in May 2014. The Council expects ET's Plan to be in line with the TfE Strategy so that it can deliver its strategic outcomes (paragraph 3.10) and the Council approved objectives and activities (paragraph 3.14) while focussing on:

- SF1: Safety.

- SF2: Revenues.

- SF3: Branding.

- SF4: Costs.

- SF5: Alignment and integration with LB.

- SF6: Delivery of TfE Transport Strategy.

- SF7: People and Accommodation.

- SF8: Customer expectations.

4. Measures of success

4.1 Implementation of the TfE Strategy will ensure that Edinburgh benefits from a high quality and profitable integrated public transport system, which assists the Council to achieve its vision, objectives and the outcomes as set out in the Local Transport Strategy 2014-19.

4.2 The Strategy also supports the Council's priorities and principles as presented in Appendix 1 (page 15).

4.3 Implementation of the LB Business Plan will continue to deliver and provide affordable, reliable and high quality bus services to the people of Edinburgh and surrounding area.

5. Financial impact

5.1 TfE holds the Council's majority shareholding in LB as well as ET and, in turn, TfE is wholly owned by the Council. The operating cost of TfE for 2016 is expected to be in the region of £472,265 and provision for these costs will be considered through the Council's budget approval process.

5.2 In line with funding arrangements for other Council ALEOs, TfE will provide an annual budget to the Council, for approval, as part of the Council's budget process.

5.3 It is proposed that TfE will develop commercial business cases for the operation and management of Edinburgh Bus Station, Park and Ride Sites, EdinTravel and the provision of Real Time Passenger Information with the objective of removing the requirement for ongoing Council funding.

5.4 The LB business plan is considered prudent, and contains provision for the Council's budgeted annual dividend of £6m and a contribution towards the extra-ordinary dividend of £20m requested which is planned to be paid in full by 2021. Any decision to pay a dividend to Shareholders shall be made by the LB Board.

6. Risk, policy, compliance and governance impact

6.1 This report contains recommendations that will empower TfE and its subsidiary companies to help safeguard the Council's investment in integrated transport in Edinburgh.

6.2 This report contains recommendations that will assist business plans produced by TfE, ET and LB to align with the TfE's strategic outcomes and the Council approved objectives and activities.

7. Equalities impact

7.1 Where the TfE Strategy results in activity or projects that amend existing services, full equality and rights impact assessments will be considered. For those initiatives where the Council's approval is not sought, TfE and Group companies will follow the Council's best practice policies and undertake sustainability and equality rights impact assessments.

8. Sustainability impact

8.1 A Sustainability, Adaptation and Mitigation (SAM) assessment has been submitted to the Council. A full assessment is not required at this stage due to the nature of the Strategy.

8.2 The strategy itself does not directly include activities. It sets out a list of proposed activities which will be submitted to the Council for approval, at a later date, with full SAM assessment and cost figures. In general, the activities aim to improve integrated public transport in Edinburgh which is anticipated to reduce the impact of road traffic on congestion, air quality and greenhouse gas emissions.

9. Consultation and engagement

9.1 TfE has consulted a wide range of stakeholders (listed in full in Appendix 1) as well as Council services and Councillors during the development of its Strategy. These stakeholders include transport user groups and operators, national transport agencies, universities and research groups, passenger transport executives and transport partnerships.

9.2 The LB progress report (reference recommendation 1.1.4) and the ET business plan will be developed in partnership with TfE.

10. Background reading/external references

10.1 Transport for Edinburgh – Governance paper, 30 August, Transport and Environment Committee

10.2 Transport for Edinburgh – Developing a Strategic Plan, 12 January 2016, Transport and Environment Committee

10.3 Transport for Edinburgh – Annual Performance Review, 25 August 2015, Transport and Environment Committee

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11. Links

Coalition Pledges	P19 – Keep Lothian Buses in public hands and encourage the improvement of routes and times
	P50 – Meet greenhouse gas targets, including the national target of 42% by 2020
Council Priorities	CP2 – Improved health and wellbeing: reduced inequalities
	CP6 – A creative, cultural capital
	CP7 – Access to work and learning
	CP8 – A vibrant, sustainable local economy
	CP11 – An accessible connected city
Single Outcome Agreement	SO1 – Edinburgh's economy delivers increased investment, jobs and opportunities for all
	SO2 – Edinburgh's citizens experience improved health and wellbeing, with reduced inequalities in health
Appendices	Appendix 1 – Transport for Edinburgh Strategic Plan for Delivery 2017-2019
	Appendix 2 – Lothian Buses Business Plan 2017-2019 briefing document.

Transport for Edinburgh
one city... many journeys

Foreword from City of Edinburgh Council Leader and Chief Executive

Edinburgh is the fastest growing city in the UK, with population growth of 1% per annum. By 2042, with some 750,000 residents, this increasing population will help generate prosperity but is also living longer. With this in mind we need to take a long-term view of the city. Our City Vision will be just that - a City Vision not a Council vision. The vision will be the output of a conversation with the whole city that will describe what the City of Edinburgh will look and feel like, for us all, in 2050.

The developing City Vision and the Edinburgh and South East Scotland City Region Deal (City Deal) will inform the work of City of Edinburgh Council (CEC) and Transport for Edinburgh (TfE). Wherever the City Vision leads us, opportunities like the City Deal will also offer us the chance to make decisions which will shape investment for the coming decades, importantly including infrastructure and transport. The City Vision will be commensurate with our status as a world heritage site, capital city, major economy and the most visited city in the UK after London. Mindful that the defining geography, features and topography of Edinburgh will not change significantly in this timeframe.

The vision for the city will require a well developed, integrated transport network. There is, therefore, a compelling case for the development of this strategy to support our priorities; Improve Quality of Life, Ensure Economic Vitality and to Build Excellent Places. The City Vision and City Deal will inform future iterations of this strategy.

This strategy recognises the challenging landscape for transport in the Edinburgh City Region and beyond, with many stakeholders and actors. We believe that there is a need to coordinate, collaborate and lead the development of transport in Edinburgh. There is evidence from across the world that a well defined transport strategy, with stable governance, is conducive to better transport.

"Edinburgh is a city that makes you think about what a city should be"

-Murdo MacDonald
Professor of History of Scottish Art
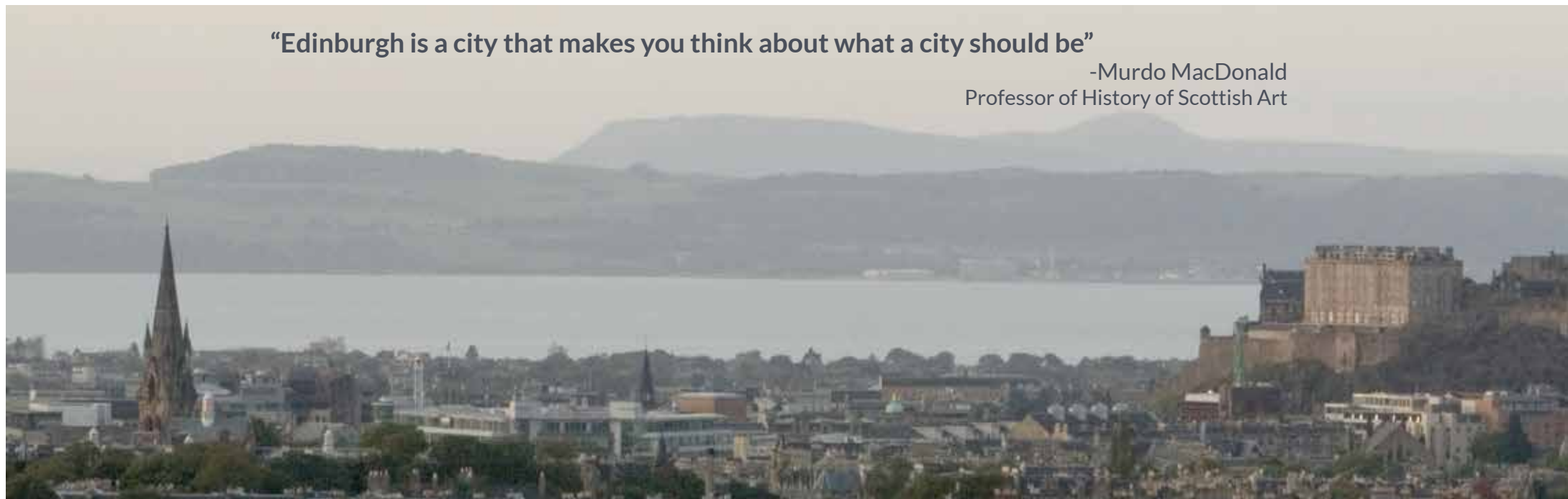
Foreword from Transport for Edinburgh Board Chair and Chief Executive

We who live, work, study, visit and invest in Edinburgh, all seek continuous improvement in the mobility options open to us in the city and surrounding area. This challenge against the backdrop of population growth and a relatively fragile transport infrastructure, in a historic city, is substantial. Meeting aspirations for more active travel and sustainable transport with those of continued economic growth and prosperity, requires fine balancing across limited resources and infrastructure.

The reality is that increasing congestion and fragility and reduced public spending requires intensive collaboration and cooperation across agencies in order to improve mobility. This complex space is where TfE will make an impact over the next few years. The existing strategy for TfE runs to the end of 2016 and was designed to get TfE up and running. The next 5 year strategy is about delivery and developing The TfE Group*, translating a plethora of high level strategies and visions: The City Vision, The Transport Vision 2030 and the current Local Transport Strategy 2014 – 19 into projects and plans that meet high level objectives and contribute to keep the City Region moving faster

and more efficiently. There will be a need to continue to align with the revised UK and Scottish Government, Transport Scotland, SEStran and CEC strategy development processes. All of which are currently under review, with differing timeframes and deadlines.

Most cities develop an organisation such as TfE in an incremental way, or through the amalgamation of existing agencies. We will also take an incremental, stepped, approach to developing the broader role for TfE. While developing TfE we must be careful to preserve the excellent services delivered every day by the TfE Group bus and tram companies. We must learn from good practice in Edinburgh, the UK, globally and from past mistakes. Our consultation for this strategy consistently evidenced that there is a need for strong leadership, better integration between modes and true multi modal choice, all supported by bold policy. Edinburgh Trams and Lothian Buses are key components of the current integrated system, but this is an evolving ecosystem and TfE will focus on the outcome of improving mobility for all, in line with the wider City Vision and CEC policy, whilst being the very best parent company it can be.

"There is no habitation of human beings in this world so fine in its way….as this, the capital of Scotland."

-Andrew Carnegie
Scottish American Industrialist
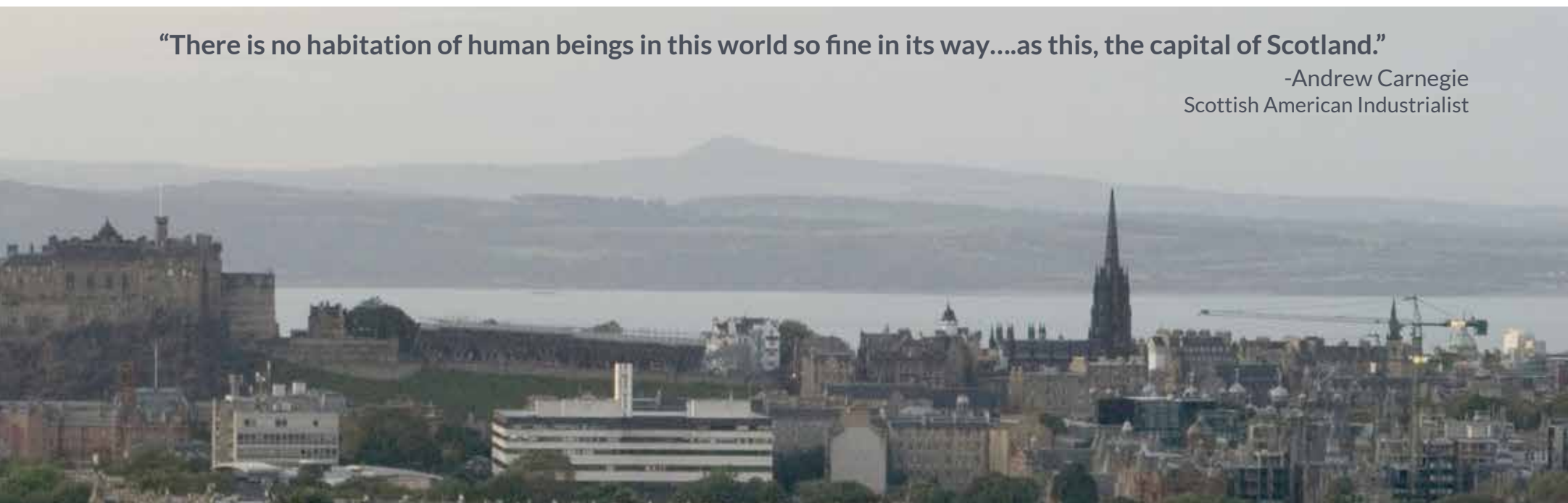
*Refer to Glossary for organisational chart showing structure including subsidiary companies.

Executive Summary

The Transport for Edinburgh (TfE) vision is to provide world class, integrated, environmentally-friendly and socially inclusive transport which plays a central role in the future prosperity of Edinburgh and the Lothians. This Strategy for Delivery will focus our efforts over the next five years to work towards our vision.

The key outcomes for us to achieve the TfE Vision are:

- Customer satisfaction.
- World class integration.
- A healthy and sustainable city.
- Socially inclusive services.
- An accessible city.
- Economic benefit for the city and region.

These outcomes are consistent with the wider City of Edinburgh Council (CEC) priorities and strategy. In addition, we will continue to ensure alignment with national and other key strategies through an annual review process.

In order to fulfil this ambition, TfE will become the primary integration agent for transport modes in the City Region. This will be achieved by focusing on the delivery of key tasks in line with an agreed Service Level Agreement with CEC and best practice guidance on the role of Arms Length External Organisations (ALEOs). The role for TfE is tied to enhancing the delivery of key activities that sit best outside of CEC, either due to their commercial nature or the operational flexibility required to deliver a high standard of service. TfE will work to continually improve the existing award winning services.

We have prioritised the opportunities in order to focus on achieving initial successes over the first years, then more complex projects over years 3-5. This will allow TfE to build organisational capabilities before taking on more challenging initiatives.

The case studies and opportunities cited in the delivery section and annex will be developed through business case approval by CEC. Key focus areas for the first two years are centred around:

- Continuing to integrate bus, tram and other modes.
- Enhancing the Edinburgh Trams service.
- As a champion, supporting Lothian Buses, Edinburgh Trams and other operators to deliver and develop their services.
- Establishing active travel infrastructure, such as cycle hire.
- Travel Demand Management.
- Integrated City Operations.
- Enhancing bus station operations.
- Clear and consistent marketing, communications and travel information, such as wayfinding and signage.
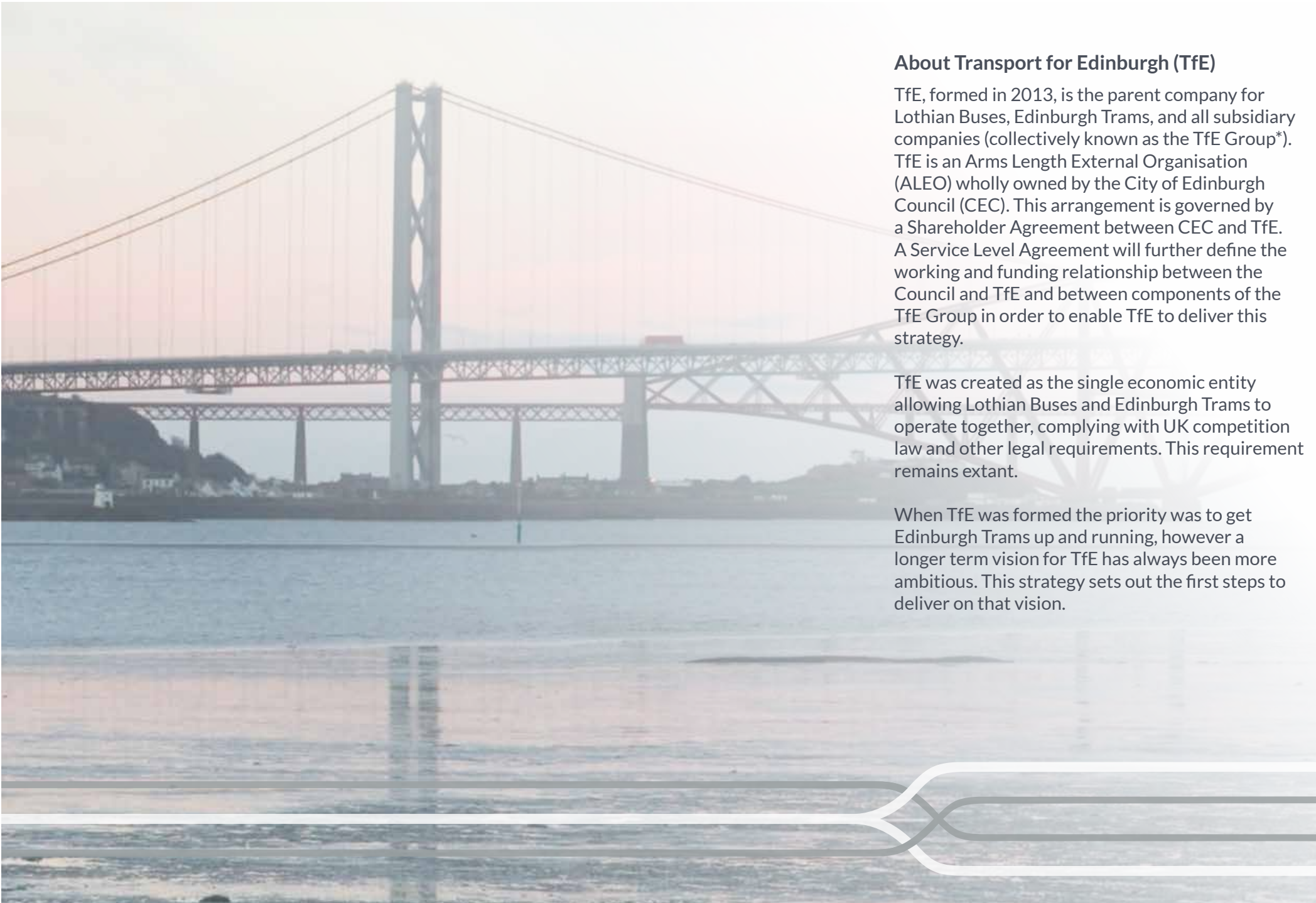- Park-and-ride operations and increasing modal shift to public transport.

In addition, TfE will operate as a conduit across the TfE Group of companies for governance, strategic priorities, strategy development, commercial prioritisation and influencing wider policy development in order to develop a world class, integrated transport system.

Contents

About Transport for Edinburgh (TfE)

TfE, formed in 2013, is the parent company for Lothian Buses, Edinburgh Trams, and all subsidiary companies (collectively known as the TfE Group*). TfE is an Arms Length External Organisation (ALEO) wholly owned by the City of Edinburgh Council (CEC). This arrangement is governed by a Shareholder Agreement between CEC and TfE. A Service Level Agreement will further define the working and funding relationship between the Council and TfE and between components of the TfE Group in order to enable TfE to deliver this strategy.

TfE was created as the single economic entity allowing Lothian Buses and Edinburgh Trams to operate together, complying with UK competition law and other legal requirements. This requirement remains extant.

When TfE was formed the priority was to get Edinburgh Trams up and running, however a longer term vision for TfE has always been more ambitious. This strategy sets out the first steps to deliver on that vision.

*Refer to Glossary for organisational chart showing structure including subsidiary companies.

1. INTRODUCTION

Why TfE, Why Now?

Edinburgh Trams has been operating successfully for over 2 years, allowing TfE to shift focus to concentrate on the wider aspirations and expectations.

The TfE Board tasked the CEO to develop a 5-year strategy to deliver targets in the city's Transport Vision 2030. These centre on the principle of integrating transport options and services, to provide a unified user experience under a common brand (TfE). The vision extends beyond buses and trams to include rail, cycling, walking, cycle hire, car clubs, taxis and any other mode or service that might have a role to play in an integrated mobility system.

There are clear early priorities, these include:

- **Ticketing:** user interface and handling multiple products - potentially enabling access to multiple operators (bus, car club, rail) within Edinburgh.
- **Brand and Marketing:** promoting the TfE Brand and building this asset in the interests of the City Region.
- **Strategic Planning:** promoting true multimodality and service integration including managing conflicts which may emerge between modes, especially mindful of increasingly limited available roadspace.
- **Strategic Commercial Investment:** targeting areas for investment and determining partnership strategies.
- **Supporting CEC Policy:** that enables the development of a world class public realm.

TfE's Role as an ALEO

Audit Scotland guidance explains how ALEOs must offer best value to councils and has been drawn on extensively to inform the TfE value proposition to CEC. In developing the TfE proposition and approach, the opportunities for TfE to offer this value can be summarized under three broad areas:

- Improve service performance across a portfolio of services,
- Deliver economic and financial benefits across the Group and wider services, and
- Free up CEC resources to focus on core services.

As part of an ongoing transformation, CEC is committed to focus on delivery of core services, withdrawing from activities that do not directly support this. This strategy and the Service Level Agreement (SLA) will set out the framework for TfE to assume additional delivery responsibilities. As an ALEO with existing brand identity and mobility focus, TfE is able to adopt, and take responsibility for, activities which are customer facing, include multiple stakeholders and have the potential to deliver economic benefits or revenue streams. TfE can operate as the connecting point for the bus and tram network alongside active travel and other mobility services including emerging technologies. TfE can apply agile processes and responsive decision making, which can be particularly attractive in developing transport networks.

TfE will be subject to audit and oversight which will focus on setting the strategic framework and accountability, enabling publicly elected members to focus on the critical issues for the city, but not day to day operations, in line with best practice guidance from national government.

Alignment with City Vision 2050, City Deal and National Transport Strategy

A clear vision – developed, built and shared with residents, businesses, and public agencies - can bring significant benefits for a city. The conversation that will create the vision for Edinburgh in 2050 has just started but even from the outset, it is clear that transport will play a significant role in the Edinburgh of 2050. Edinburgh was recently placed 13th overall in the Arcadis Sustainable Cities Index 2016, but while ranked highly in many respects, Edinburgh scored relatively low in sustainability, health and transport infrastructure. TfE will aim to support improvement in these areas.
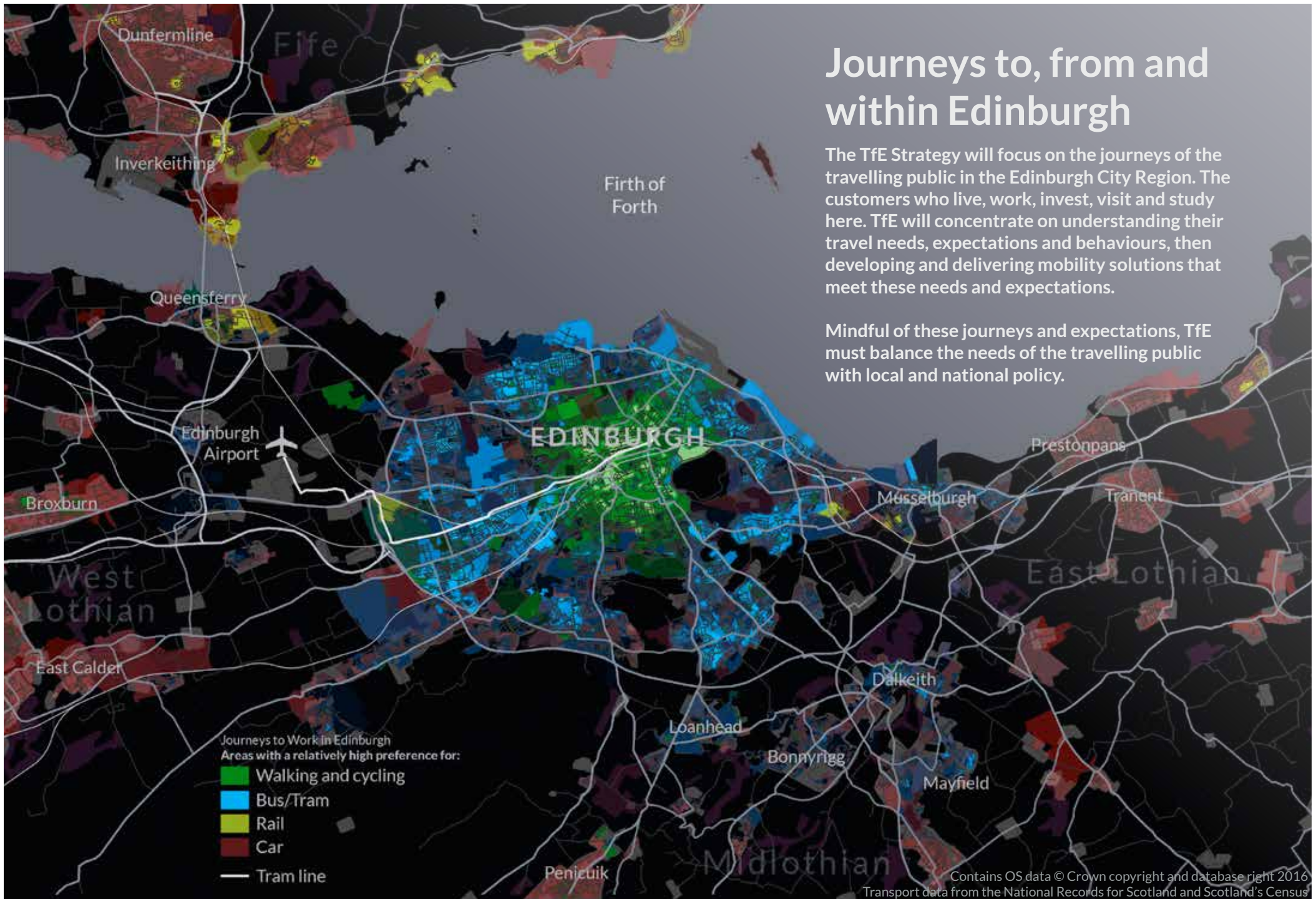
The UK has recognised the importance of a coherent and long term plan for infrastructure investment in cities that would support such a vision. The Edinburgh City Region (Edinburgh, East Lothian, Midlothian, West Lothian, Fife and Borders) is developing a City Deal bid to secure significant investment. For the bid to be successful, transport infrastructure investments will be central to the City Deal partners. Furthermore, the City Region will attract City Deal investment, by demonstrating structures and organisations are in place to deliver an integrated transport network. TfE will be well positioned to support the delivery of a planned City Deal programme.

The City Vision and City Deal must also be considered in the context of the National Transport Strategy (NTS) revision process, starting in early 2017. There is a concurrent dialogue on the future governance of the Scottish Regional Transport Partnerships, especially SEStran, and clear recognition of the need to align with TfE.

Journeys to, from and within Edinburgh

The TfE Strategy will focus on the journeys of the travelling public in the Edinburgh City Region. The customers who live, work, invest, visit and study here. TfE will concentrate on understanding their travel needs, expectations and behaviours, then developing and delivering mobility solutions that meet these needs and expectations.

Mindful of these journeys and expectations, TfE must balance the needs of the travelling public with local and national policy.

Journeys to Work in Edinburgh
Areas with a relatively high preference for:

- Walking and cycling
- Bus/Tram
- Rail
- Car
- Tram line

Contains OS data © Crown copyright and database right 2016
Transport data from the National Records for Scotland and Scotland's Census
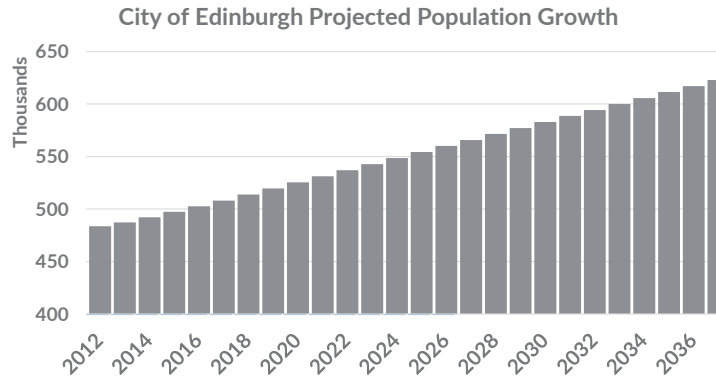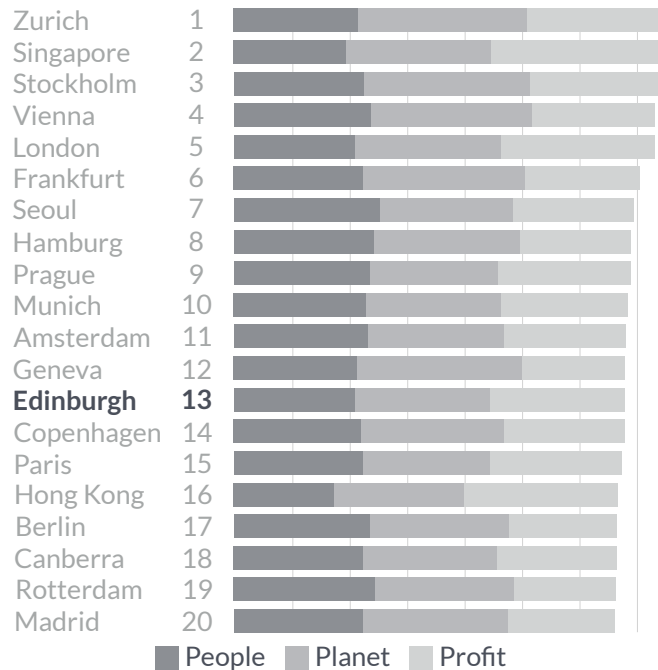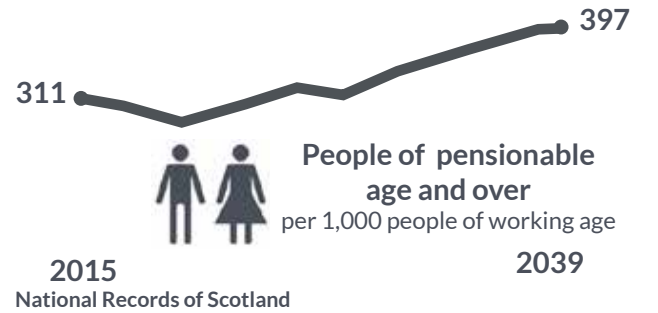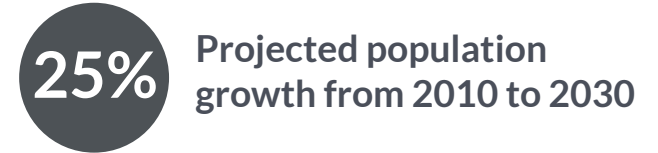
2. CONTEXT

Edinburgh is the most prosperous UK city outside of London. A financial hub, the city hosts global top tier universities and growing life sciences and technology sectors. It is home to the world's biggest arts festival, and as a capital city and world heritage site, the city is one of the top 10 European destinations for tourists.

The city combines all these opportunities with outstanding green spaces, exceptional schools and other public services to furnish high quality of life for residents.

To sustain such a city with the challenges of ageing infrastructure and the fastest growing city population in the UK, we must be bold and brave. The following pages highlight some of the considerations and factors to account for in our plans.

City of Edinburgh Projected Population Growth

Based on data from the National Records of Scotland

25% Projected population growth from 2010 to 2030

Employment growth in tech industry 2011-2014 **23%**
Tech City UK

80% Target for reducing greenhouse gas emissions by 2050 relative to 1990 levels.
Scottish and UK Legislation

397
311
People of pensionable age and over
per 1,000 people of working age
2015   2039
National Records of Scotland

Arcadis Sustainable Cities Index 2016

		People	Planet	Profit
Zurich	1			
Singapore	2			
Stockholm	3			
Vienna	4			
London	5			
Frankfurt	6			
Seoul	7			
Hamburg	8			
Prague	9			
Munich	10			
Amsterdam	11			
Geneva	12			
Edinburgh	**13**			
Copenhagen	14			
Paris	15			
Hong Kong	16			
Berlin	17			
Canberra	18			
Rotterdam	19			
Madrid	20			

Edinburgh is a unique city

100% City population increase in August.

3.85 Million visits in 2015.

54% Commute on foot, by bike, or public transport.

30% Proportion of workers who live outside the City.

Drivers for Change

Our ambition for continued economic prosperity and population growth in the City Region drives the agenda for TfE and our partners. Whether people are travelling for work or leisure, we need to continuously improve the mobility options available in order to support the city. Our feedback from stakeholders is consistent, the increasing pressure on road space and infrastructure, the fragility of the network and variability of journey times all impact our mobility as well as causing spikes in pollution. Solutions will be found in infrastructure and operational improvement, but will also increasingly be found in the relationship between people and their travel choices. The existing network cannot support the growth and prosperity we envisage, therefore doing nothing is not an option.

Some improvement has been seen in investment in bus priority, and significant investment in the fleets has helped to grow patronage over the last decade. There are exciting and bold initiatives in progress today; transforming the city's approach to road maintenance and renewal, air quality management and the 20mph speed limit roll-out that will save

lives over the coming years. Even more, however, will need to be done to reduce congestion if aspirations and expectations are to be met.

The city's commitment to foster active travel and healthier lifestyles through investment in infrastructure dedicated to safe and quick cycle and walking routes will lay the groundwork for behaviour change. However, additional measures will be required to ensure these schemes form part of a wider, integrated and extensive strategy which is able to address the ever changing context of the city. Along with walking and cycling, we must embrace the electrification of our networks in order to address the pollution and emissions challenges. The growing, ageing population is putting additional strain on the transport network, but the current concessionary fare scheme does not result in additional profit for operators from this patronage. Anecdotal evidence suggests that some concessionary customers are reverting to private cars, adding pressure to the already congested system.

The drivers for change in the TfE Strategy for Delivery are not rooted in transport issues alone, but include the broader challenge of delivering transport integration. The city needs alignment across the key transport providers, notably the Group companies (Lothian Buses and Edinburgh Trams) but also other operators and across customer interchanges and touch-points.

TfE will be seen as the primary transport integration agent in the eyes of the travelling public, a 'one stop shop' for understanding mobility options across the city and surrounding region. The city requires TfE to support its own work by acting as an agile partner to deliver the customer focussed nature of its strategy. The city and its partners will enable the change, as is happening with current investments in walking and cycling provision. Customers will also value the integration and improvement of travel information, enabling us all to make smarter choices to make our travel fit our lives today.

> *"TfE will be seen as the primary transport integration agent in the eyes of the travelling public, a 'one stop shop' for understanding mobility options across the city and surrounding region."*

Considerations from Stakeholders, Transport Forums and Focus Groups

The feedback from wide ranging stakeholder engagement, Focus Groups, Transport Forums and our own research, has highlighted a number of factors that influenced our thinking and priorities.

Supporting the development, growth and prosperity of the city and region

Edinburgh is a large financial and business hub which requires world class public transport to attract investment, talent and growth.

With significant developments planned in and around the city, integrated public transport should be incorporated from the start of the planning process in concert with local development plans.

TfE must be prepared to continue to evolve in line with the requirements of an emerging City Deal and City Vision.

Technology/pace of change

Technology and transport are increasingly interlinked, with innovations and disruptive technology presenting new opportunities and redefining the customer experience.

Accounting for new technology in design is important for the customer and to the length of planning / project life cycles.

Regional economy and commuters

Interdependence with neighbours, whether commuters or other user groups, means a cooperative approach must be sought to solve problems and improve transport and integration across the wider region.

Importance of tourism and visitors to the city

The City of Edinburgh is a major tourism and business destination. Visitors to the city contribute significantly to the local and regional economy.

Meeting the annual demand cycle of the city and enabling all visitors to easily access transport, being mindful of the growth of festivals in Edinburgh and attracting more visitors for longer must be a key consideration.

Edinburgh New Town/Old Town and wider city – a World Heritage Site

Respecting the character of the city, and protecting the heritage comes at a cost and means there are additional constraints, compromises and considerations to make. There are, however, also opportunities in this.

CEC Transformation Programme

TfE will be agile and lean in concert with CEC as well as the direction and guidance available to Arms Length External Organisations.

Protect the social fabric/equality of opportunity

It is important to retain an inclusive, accessible and socially balanced approach across all aspects of delivery.

Legacy of transport projects in Edinburgh and other cities.

TfE will learn from legacy projects in the city and elsewhere to ensure mistakes are not repeated and lessons are applied.

## Need to work with transport partners to deliver the desired outcomes

TfE must develop the stakeholder map and collaborate with all transport partners to influence their decision making and policy. The planned development of Edinburgh Airport will be a key factor.

Aims of the Strategy

The aims of this strategy are to:

- Describe the TfE approach to deliver the TfE Vision and outcomes.
- Outline objectives for TfE in support of CEC and wider strategies.
- Inform the development of the TfE 3 year Management Plan.
- Inform the creation of detailed plans and business cases to deliver the strategy.
- Set the context for the development of a set of Service Level Agreements.
- Provide strategic guidance on transport in Edinburgh for the TfE Group of companies.
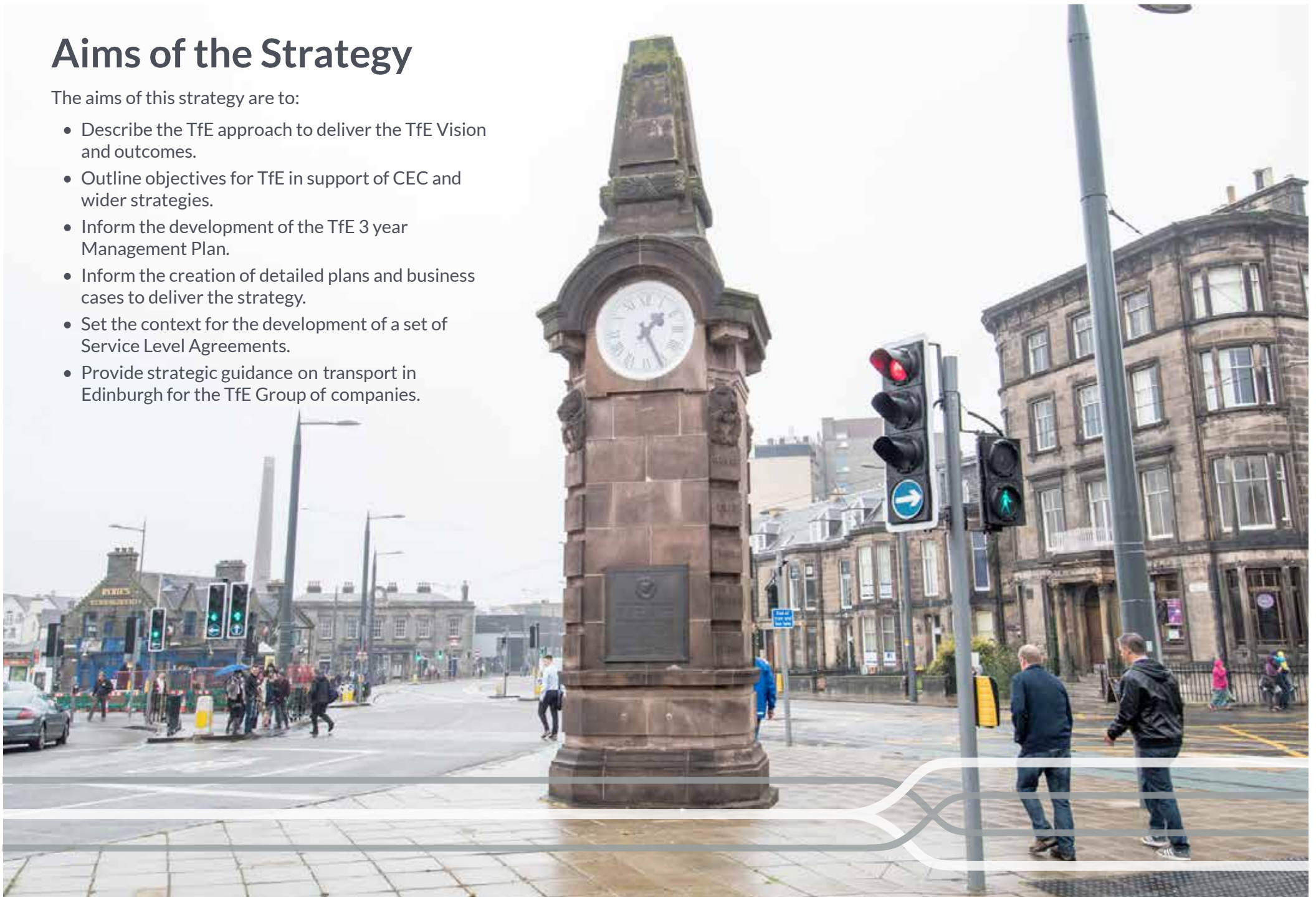
3. TFE VISION AND OUTCOMES

Accessible Services

Edinburgh has a transport system that improves connectivity for all users. Our customers feel safe and secure when travelling on the public transport network and we consistently reduce physical or other barriers to journeys.

Socially Inclusive Services

Improving mobility and access to jobs and services is critical to improve opportunities for vulnerable individuals in Edinburgh. This focus enables us to overcome barriers to work and learning as well as participation in social and community life for everyone.

Healthy and Sustainable City

We will achieve a low carbon, resource efficient transport network, supporting resilient and sustainable communities in the rich natural setting of our city. Our approach to sustainable procurement, and our wide ranging programmes will support residents to live and work in our local communities with low air pollution and attractive options for active travel.

The TfE Vision ...

To provide world class, integrated, environmentally-friendly and socially inclusive transport which plays a central role in the future prosperity of Edinburgh and the Lothians.

The TfE Vision and Outcomes align closely with wider CEC priorities and strategy as well as national strategies and policies as outlined on the following pages.

World Class Integration

Our partners work together in a highly effective and collegiate way to solve the mobility challenges of the city. Our customers transfer seamlessly between modes at interchanges while services are planned to enable customers to easily plan journeys by public transport and other sustainable modes without having to resort to the private car.

Economic Benefits

Transport initiatives represent good value for money and unlock economic potential across the wider city region. Improvements enable greater participation for people in the economy, supply chains for businesses, and grow a resilient and high performing transport network.

Customer* Satisfaction

Our efforts are focussed on adding value to our customers. We make investments and decisions in order to achieve the best possible outcomes for our customers.

*Our customers are those who live, work, invest in, study and visit the Edinburgh City Region
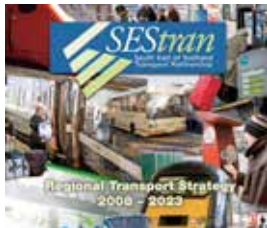
The Hierarchy of Strategies

NATIONAL TRANSPORT STRATEGY

The Scottish Government have indicated that the refreshed National Transport Strategy is to be further reviewed. Public consultation will begin in early 2017. TfE will engage with this work in order to influence policy.

REGIONAL TRANSPORT STRATEGY

The Regional Transport Strategy informs the TfE Strategy. TfE is fully engaged with SEStran, particularly in regard to the adoption of an appropriate Model (1, 2 or 3) to support a potential Edinburgh City Region Deal. The outcome of this dialogue will impact the TfE Strategy.

2050 Edinburgh City Vision

The CEC Transport 2030 Vision is a key source of direction and guidance for TfE. Many of its outcomes and objectives will be delivered by, or supported by TfE.

Integrated public transport is likely to be a key component of the 2050 Edinburgh City Vision. TfE will play a full and active part in contributing to the development of this vision.

€DINBVRGH
THE CITY OF EDINBURGH COUNCIL

LOCAL DEVELOPMENT PLAN

LOCAL TRANSPORT STRATEGY 2014-2019

TfE will work closely, but at arms length, with CEC and neighbouring local authorities to ensure the TfE Strategy is aligned with the CEC Business Plan, Local Transport Strategy and Local and Regional Development Plans and subsequent Action Plans. The following page explains how the TfE's outcomes, derived from our vision statement and informed by the hierarchy of strategies, have been mapped to CEC priorities and principles.

5 ACTION PLANS

TfE Outcomes

- Accessible Services
- Socially Inclusive Services
- A healthy and sustainable city
- World Class Integration
- Economic Benefit
- Customer Satisfaction

Alignment of Outcomes with CEC Priorities and Principles

TfE's outcomes are derived from our vision statement, informed by the hierarchy of strategies. This page demonstrates how outcomes have been mapped to CEC priorities and principles.

TfE Outcomes

- Accessible Services
- Socially Inclusive Services
- A healthy and sustainable city
- World Class Integration
- Economic Benefit
- Customer Satisfaction

CEC Priorities and Principles

Improve Quality of Life

- Children and young people achieve their potential.
- Opportunities for participation in sport and lifelong learning.
- Safer and stronger communities.
- A caring, healthier Edinburgh.

Build Excellent Places

- An attractive city.
- An accessible, connected city.
- A range of quality housing options.
- A built and natural environment to match our ambition.

Ensure Economic Vitality

- Business growth and investment.
- Access to work and learning.
- Creative, cultural capital. A vibrant and sustainable local economy.

A Sustainable Capital City

We are a low carbon, resource efficient Council, supporting resilient and sustainable communities in the rich natural setting of our city.

Empowered Communities

We are a Council which engages and enables community led service delivery and design.

Integrated Council

We are a Council of joined up services working together effectively with our partners.

Value for Money

We are a Council which makes best use of its resources, assets and facilities.

Focussed on Customers

We are a Council in which services are designed around the needs of our people, protecting the needs of our most vulnerable customers.

High Performing Workforce

We are a Council where services are delivered by an engaged and empowered, high performing workforce.

CEC PRIORITIES

CEC PRINCIPLES

Objectives

TfE has identified 10 objectives to fulfil its vision and outcomes :

TfE Outcomes

Accessible Services

Socially Inclusive Services

A healthy and sustainable city

World Class Integration

Economic Benefit

Customer Satisfaction

Increase public transport patronage

Support the growth of public transport patronage and mode share in/to/from Edinburgh.

- Support further integration of bus and tram networks, operations, services and timetables.
- Establish Quality Partnerships to improve services, with appropriate authorities.
- Support enhanced bus and tram frequencies.
- Improve commercial/operational performance of Edinburgh's bus station.
- Improve access to tram and bus services, including integrating walking and cycling routes to stops/ stations and Park and Ride incentives and service improvements.

Expand the Public Transport Network

Extend, adapt and develop an integrated public transport network that is reliable and convenient throughout the City Region throughout the day, and week.

- Support the potential tram extension programme.
- Develop the network of Park and Rides to drive modal shift.
- Cooperate with neighbouring authorities to develop opportunities for bus network expansion, e.g. potential radial and orbital routes, reviewing development proposals to ensure. safe guard infrastructure to support growth and prosperity in accordance with Local Development Plans.
- Take full advantage of opportunities from the new Queensferry Crossing.
- Help deliver supported/subsidised community transport and/or patient transport (for NHS) operations.

Support City Place-making

Support partners in making the City a World Class Place.

- Support bus routes that integrate with tram and other modes, to continually improve the public realm.
- Work with developers to enable public transport use at new developments.

Contribute to Social Inclusion

Increase social inclusion (access to jobs, education, health, etc.) by providing travel options that are affordable, available and accessible to all.

- Broker a common approach to fare strategies where appropriate.
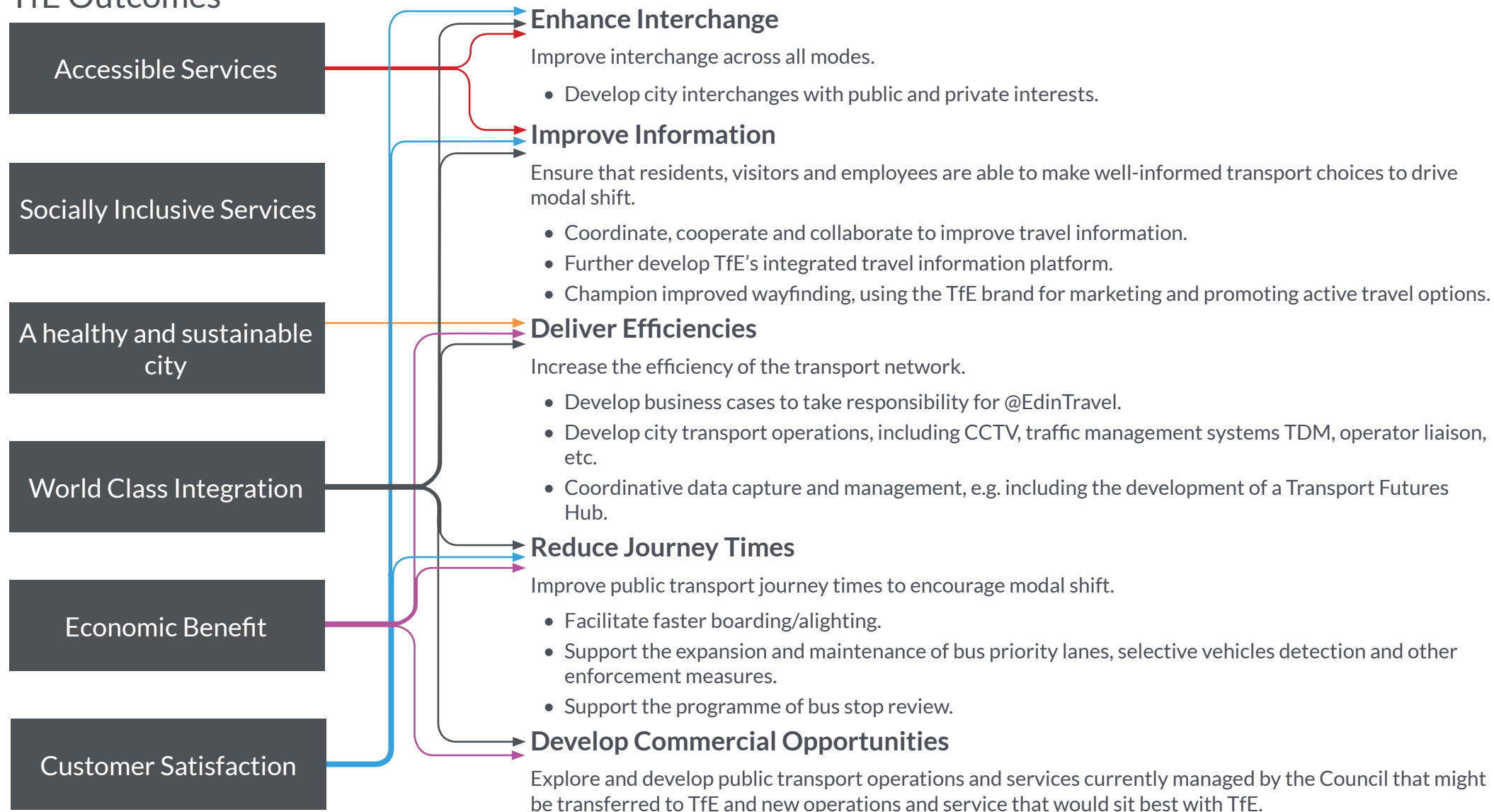- Create a customer focussed, integrated network, accessible to all.

Help Reduce Emissions

Reduce impact of air pollutants, greenhouse gases, noise and waste on public realm.

- Encourage fleet investments to meet emissions targets including new technologies.

Objectives

TfE Outcomes

Accessible Services

Socially Inclusive Services

A healthy and sustainable city

World Class Integration

Economic Benefit

Customer Satisfaction

Enhance Interchange

Improve interchange across all modes.

- Develop city interchanges with public and private interests.

Improve Information

Ensure that residents, visitors and employees are able to make well-informed transport choices to drive modal shift.

- Coordinate, cooperate and collaborate to improve travel information.
- Further develop TfE's integrated travel information platform.
- Champion improved wayfinding, using the TfE brand for marketing and promoting active travel options.

Deliver Efficiencies

Increase the efficiency of the transport network.

- Develop business cases to take responsibility for @EdinTravel.
- Develop city transport operations, including CCTV, traffic management systems TDM, operator liaison, etc.
- Coordinative data capture and management, e.g. including the development of a Transport Futures Hub.

Reduce Journey Times

Improve public transport journey times to encourage modal shift.

- Facilitate faster boarding/alighting.
- Support the expansion and maintenance of bus priority lanes, selective vehicles detection and other enforcement measures.
- Support the programme of bus stop review.

Develop Commercial Opportunities

Explore and develop public transport operations and services currently managed by the Council that might be transferred to TfE and new operations and service that would sit best with TfE.

4. TFE'S ROLE AND ACTIVITIES

Core Activities

TfE will achieve its objectives and outcomes through:

Integration

TfE with the support of CEC and others will become the principal public transport integration agent within the city, mindful of the need to think of customer transport needs beyond the city boundary.

This will be achieved by continuing to integrate bus and tram and developing the integrated network to match the customer needs of the growing City Region. TfE will bring other transport components and services under the TfE umbrella, better integrating them into a network that provides seamless transfer between modes and faster, most cost efficient journeys for customers. All in an effort to encourage modal shift to public transport or active travel.

Coordination

TfE will look "up" coordinating with: CEC, both elected members and officials, to SEStran, Scottish Government and National (Scottish and UK) governing bodies and institutions. In doing this TfE will be a high level, conduit for strategic matters for the operating companies (Lothian Buses, Edinburgh Trams and others in future) to the higher level entities. This will include influencing higher level strategy and policy on behalf of the Group and extrapolating strategy and policy for the Group. This will include developing relationships with funding bodies and securing external funding where possible.

Cooperation

TfE will look "over" the Edinburgh City boundary, cooperating with neighbours. To understand the transport needs of those travelling to and from the city and incorporating these needs into the strategy for an integrated network. The developing relationship between neighbours and TfE may require new governance perhaps delivered via the City Deal, fresh protocols or refined existing agreements.

Collaboration

TfE will look "out" to transport partners to improve collaboration with strategic transport partners, wherever possible, to deliver better integration within the overall transport network.

Project Delivery for the City

TfE will, with the support of CEC and others, develop a position with regard to TfE as a future transport project delivery agent. This will be mindful of legacy issues and with a view to the delivery of transport projects for CEC.

Parent Company for the Group

TfE will lead the group, providing support, direction and guidance, higher level intent and be the champion for the Group's companies and delivery arms.

The following pages further explain TfE's role in each of these activities.

Our Approach

In line with our integration role, but across all these activities, TfE will aim to continuously improve the way in which partners across the city work together on issues. The diagram below shows our initial thinking about where we could focus to improve productivity and return on our efforts.

Strategic Planning and Integration

- Integrate transport for customers across modes and between nodes.
- Prioritise and focus to optimise strategic outcomes.
- Build organisational learning to inform strategy and planning.
- Be a transport coordination focal point in lockstep with city planning strategy and process.

City Transport Operations

- Develop systems, data analytics, intelligence & insight to inform planning and transport decisions.
- Use insight to predict issues, coordinate across agencies and proactively manage issues.
- Develop and deploy robust C3I2* process based on scenario modelling and structured responsibilities.

Joint Planning

- Integrated approach to planning of short term events, e.g. road works, sports events, concerts etc.
- Intelligence and insight informs decisions in line with policy and areas of responsibility.
- Apply lessons to improve operational performance.

* Command, Control, Communications, Information, Intelligence

Integrate across the Group and Public Transport

Situation

TfE Group structures are defined by TfE's origins as parent company for Edinburgh Trams and Lothian Buses. The intent has always been for continued integration between bus and tram. Currently this involves ticketing, branding and back office functions.

Opportunity

With unity of purpose from clear strategic direction and leadership to the operating units, TfE can greatly improve customer satisfaction through an integrated offering and improve the economic benefits to the city. There is also an opportunity over the next 5 years to see the Group incorporate other operations, such as hubs and interchanges. TfE will support the enhancement programme for tram and integration with other modes. TfE will also work to ensure consistent marketing and communications for the customer across modes.

Priorities

- Develop the integrated network in line with the demand of the growing City Region.
- Pursue further integrated timetables & ticketing.
- Grow Park and Ride usage and modal shift through incentives, services and development.
- Improve commercial/operational performance of bus station & interchanges.
- Support tram enhancement programme.
- Support the city with potential tram extension and opportunities for bus network.
- Lead on longer term opportunities and challenges.

Years 1 - 2

Years 3 - 5

Contactless Ticketing

TfE Marketing and Comms

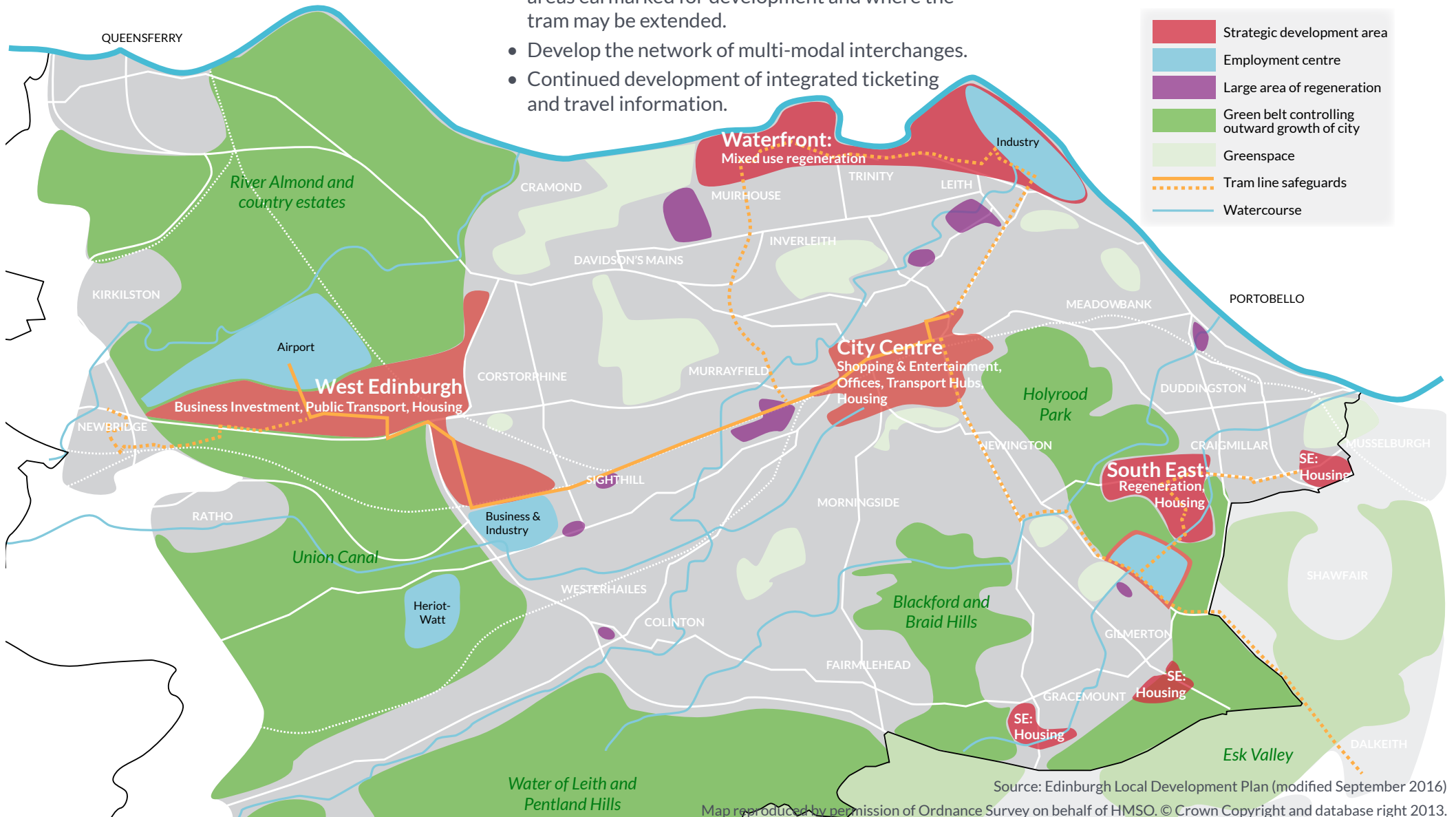**Bus Station**

Park and Ride

Potential Tram Extension with Bus

Integration between Bus and Tram

TfE will support continued integration between bus and tram, including into areas of new development as identified by the Edinburgh Local Development Plan (modified September 2016).

Improvements may include:

- Inter-modal exchange at Park and Ride sites.
- Developing the existing bus network to marry bus with tram, especially in the west of the city, other areas earmarked for development and where the tram may be extended.
- Develop the network of multi-modal interchanges.
- Continued development of integrated ticketing and travel information.

Legend:
- Strategic development area
- Employment centre
- Large area of regeneration
- Green belt controlling outward growth of city
- Greenspace
- Tram line safeguards
- Watercourse

QUEENSFERRY

River Almond and country estates

CRAMOND

Waterfront:
Mixed use regeneration

TRINITY

Industry

LEITH

MUIRHOUSE

INVERLEITH

KIRKILSTON

DAVIDSON'S MAINS

MEADOWBANK

PORTOBELLO

Airport

West Edinburgh
Business Investment, Public Transport, Housing

CORSTORPHINE

MURRAYFIELD

City Centre
Shopping & Entertainment, Offices, Transport Hubs, Housing

Holyrood Park

DUDDINGSTON

NEWBRIDGE

NEWINGTON

CRAIGMILLAR

MUSSELBURGH

SIGHTHILL

SE: Housing

RATHO

Business & Industry

MORNINGSIDE

South East:
Regeneration, Housing

Union Canal

SHAWFAIR

WESTERHAILES

Blackford and Braid Hills

Heriot-Watt

COLINTON

GILMERTON

FAIRMILEHEAD

GRACEMOUNT

SE: Housing

SE: Housing

Esk Valley

DALKEITH

Water of Leith and Pentland Hills

Coordinate...On Whole Network Opportunities

Situation

Coordination across operations exists in unique projects or through working groups. Coordination is essentially ad-hoc and decision making processes, where defined, cannot fully address systemic operational performance issues across the network, either in response to incidents or via predictive, proactive interventions.

Opportunity

TfE has a defining opportunity to take a longer term view of city transport integration, through developing coordination mechanisms that are well established in other leading cities, such as Travel Demand Management. There is a growing need for the capture and analysis of data from across channels and agencies in support of such coordination. The benefits realised and foreseen by other cities in these areas (e.g. £1bn in London per annum) indicate this strand of work has the greatest potential return on effort for Edinburgh. A recent Inrix report estimates that congestion could cost Edinburgh £2.8Bn to 2025. We describe this area of opportunity as City Operations, while a full capability will be a longer term objective, it is critical we start on this early.

Priorities

- Develop business cases to take responsibility for @EdinTravel Team.
- Develop strategy for coordination of city transport operations, e.g. for festivals
- Coordinate development of data capture and analytics.
- Develop concept and business case for City Operations and TDM coordination.
- Influence a well co-ordinated policy for the prioritisation of mobility options in the city (what, where, how and when).

@EdinTravel

Travel Demand Management (TDM)

Active Travel in Edinburgh

Develop City Operations

City Deal transport co-ordination
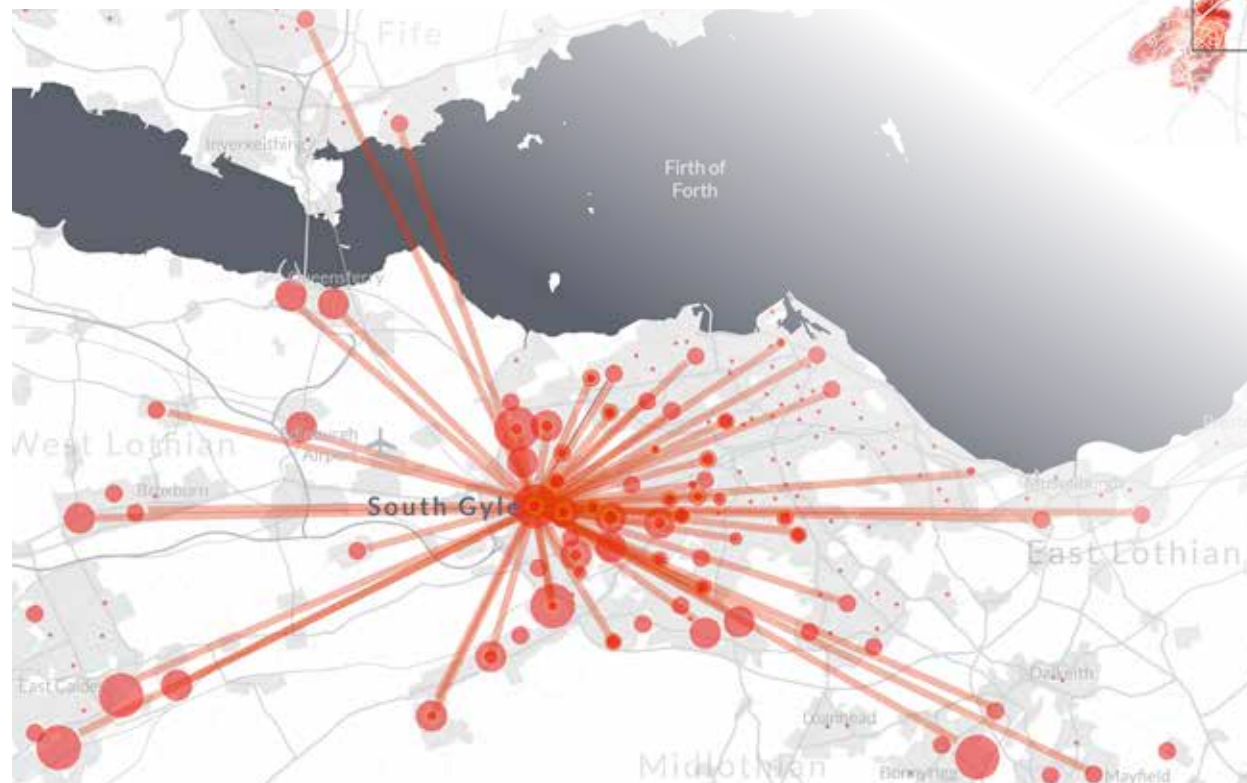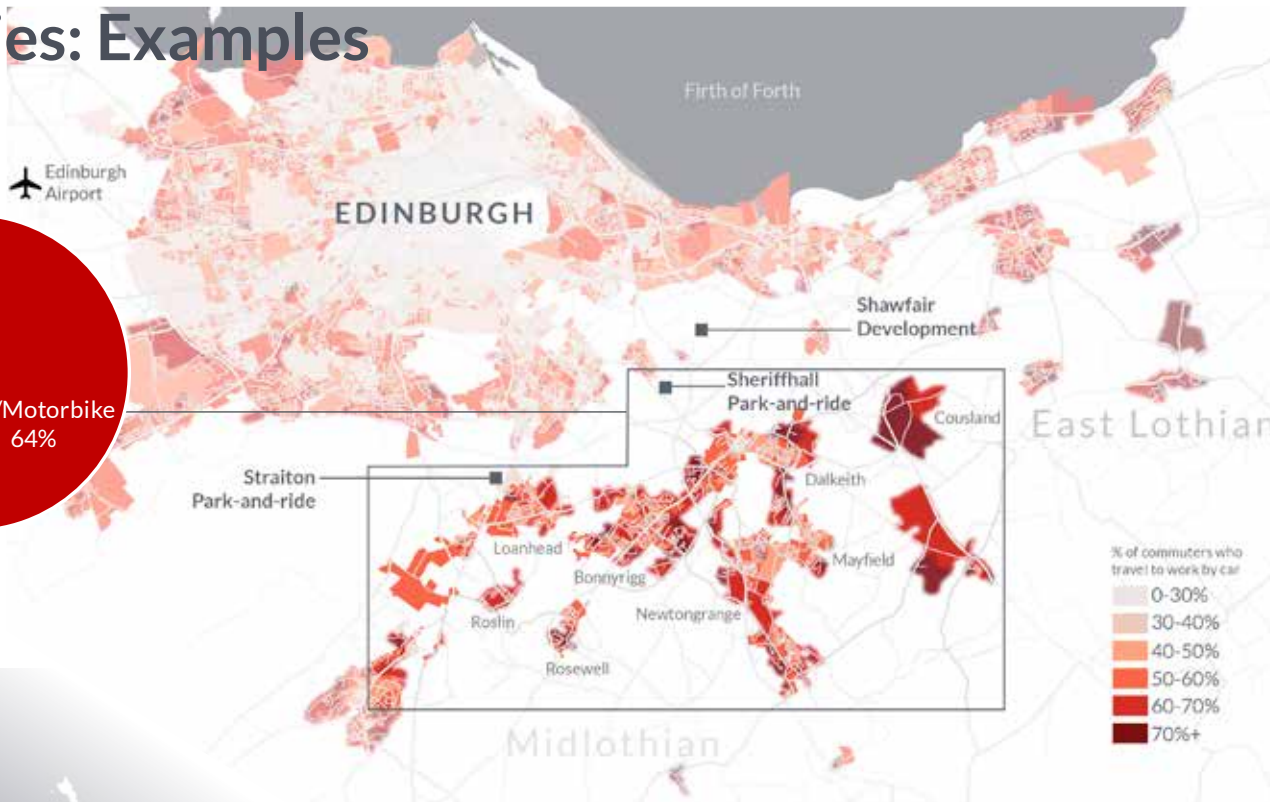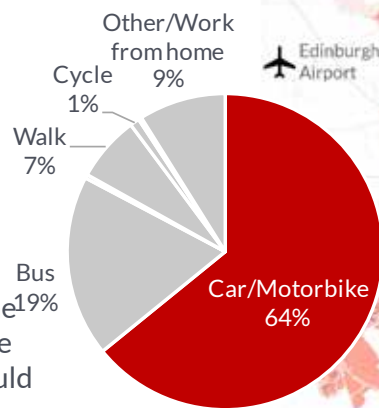
Years 1 - 2

Years 3 - 5

Whole Network Opportunities: Examples

South of Edinburgh Commuter Areas

The commuter region to the south of Edinburgh, which has a working population of around 35,000, has a high private vehicle transport preference.

TfE would aim to enhance and promote the existing park-and-ride sites to reduce congestion in the city.

In addition, the Shawfair Development, in the south-east of the city, is expected to increase the population of the area further, which could create further congestion if opportunities to promote other modes are not realised. Public transport options need to be available as the development grows.

Pie chart: Other/Work from home 9%, Cycle 1%, Walk 7%, Bus 19%, Car/Motorbike 64%

% of commuters who travel to work by car
- 0-30%
- 30-40%
- 40-50%
- 50-60%
- 60-70%
- 70%+

South Gyle

The South Gyle area has a high concentration of industrial/commercial use and therefore has a wide catchment area for its employees.

There is a high level of private vehicle use to this area. Additionally, the West Edinburgh development will further increase demand in this area over the coming years.

As with the Shawfair development, there is an opportunity to influence both existing travel behaviour and proposed developments in order to reduce congestion and encourage use of public transport and active travel modes, especially where the public transport network 'offer' is an integral part of the emerging development.

TfE will support the economic potential of these areas being realised by coordinating the integrated public transport network.

Coordinate...On Customer Facing Opportunities

Situation

Branding, marketing and communications across modes is a few steps ahead of supporting structures, processes and systems. The TfE brand is firmly established, at least on bus and tram, although used ad-hoc on other initiatives, e.g. active travel, alongside other branding. Cosmetic application of the brand without alignment of responsibilities, authorities and resources is not a truly multi-modal customer proposition and could be a potential risk to TfE.

Opportunity

Developing a modally agnostic customer proposition under the TfE brand is dependent upon supporting alignment (e.g. integration of active travel mode options into the TfE journey planner). We have great opportunities with newer modes, notably City Car Club and on demand, or subsidised services, to integrate options to meet customer needs and expectations. Customer choice and signposting to these choices will be key rather than modal protectionism. TfE will continue to develop the network of transport stakeholders.

Priorities

- Develop and implement a roadmap for an integrated, multi-modal proposition to customers, championing city 'wayfinding'.
- Work to integrate active travel options and SEStran initiatives (e.g. Liftshare) into the TfE proposition.
- Explore opportunities with City Car Club and other modes for integrated offer.
- Explore funding opportunities.
- Explore opportunities for a Transport Futures Hub. A new capability to fuse available data to better inform transport decision making.
- Support the Congestion Action Plan.
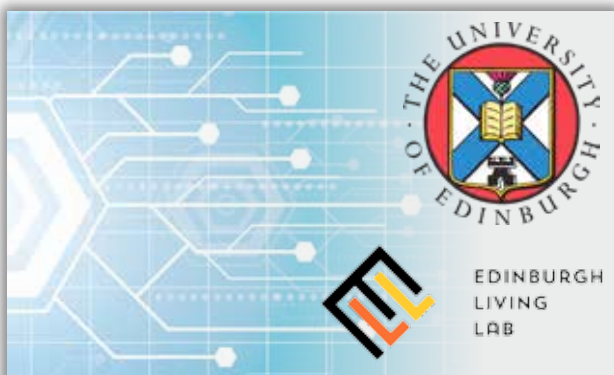
Years 1 - 2

Wider Marketing and Comms

City Car Club

Active Travel

Integrate Other Modes (e.g. Air and Rail)

Years 3 - 5

Futures Hub

City Events

Cooperate with Neighbours

Situation

TfE has developed an initial understanding with our closest neighbours in East, West and Mid Lothian, Borders, Fife and SEStran around the role of TfE in the region. There is support to investigate the alignment of TfE and SEStran in terms of strategic planning and service delivery. TfE notes the need to cooperate closely with near neighbours.
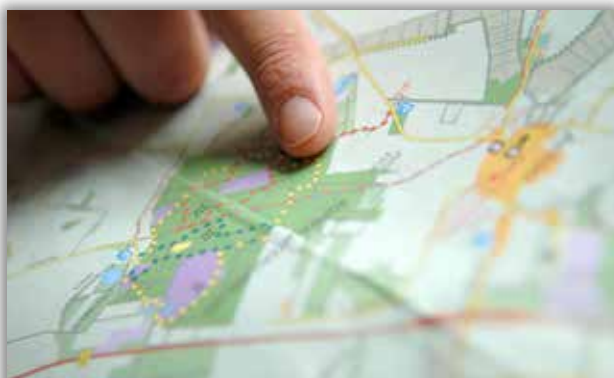
Opportunity

TfE can fulfil the role of coordinator and relationship manager for cooperative, multi-agency approaches to transport matters across the City Region and beyond. Immediate examples would be large developments impacting the city or existing commuter hubs, e.g. Blindwells East, Shawfair, Cockenzie, Edinburgh West (Gyle, Barnton, Edinburgh Park, International Business Gateway). There are clear opportunities to improve existing public transport options. TfE will influence policy and decisions for, e.g. Park and Rides, transport infrastructure, integrating public transport around the new Forth Crossing, road space allocation, bus and public transport priorities, freight, public realm, etc.

Priorities

- Cooperate with Midlothian and other neighbouring Councils to develop the Park and Ride offer and improve usage at Straiton, Sheriffhall and development of other sites e.g. Lothianburn and Kilpunt.
- Work up a list of cooperation opportunities with neighbours on major development projects across the region, e.g. development of orbital bus route.
- Cooperate with Edinburgh Airport on the development of access to and from the city.

Years 1 - 2

Years 3 - 5

Local Development Plans

Park and Rides

Cooperate with Neighbours

East Lothian Council
West Lothian Council
Midlothian
Fife COUNCIL
Scottish Borders COUNCIL

Ring Road

City Vision

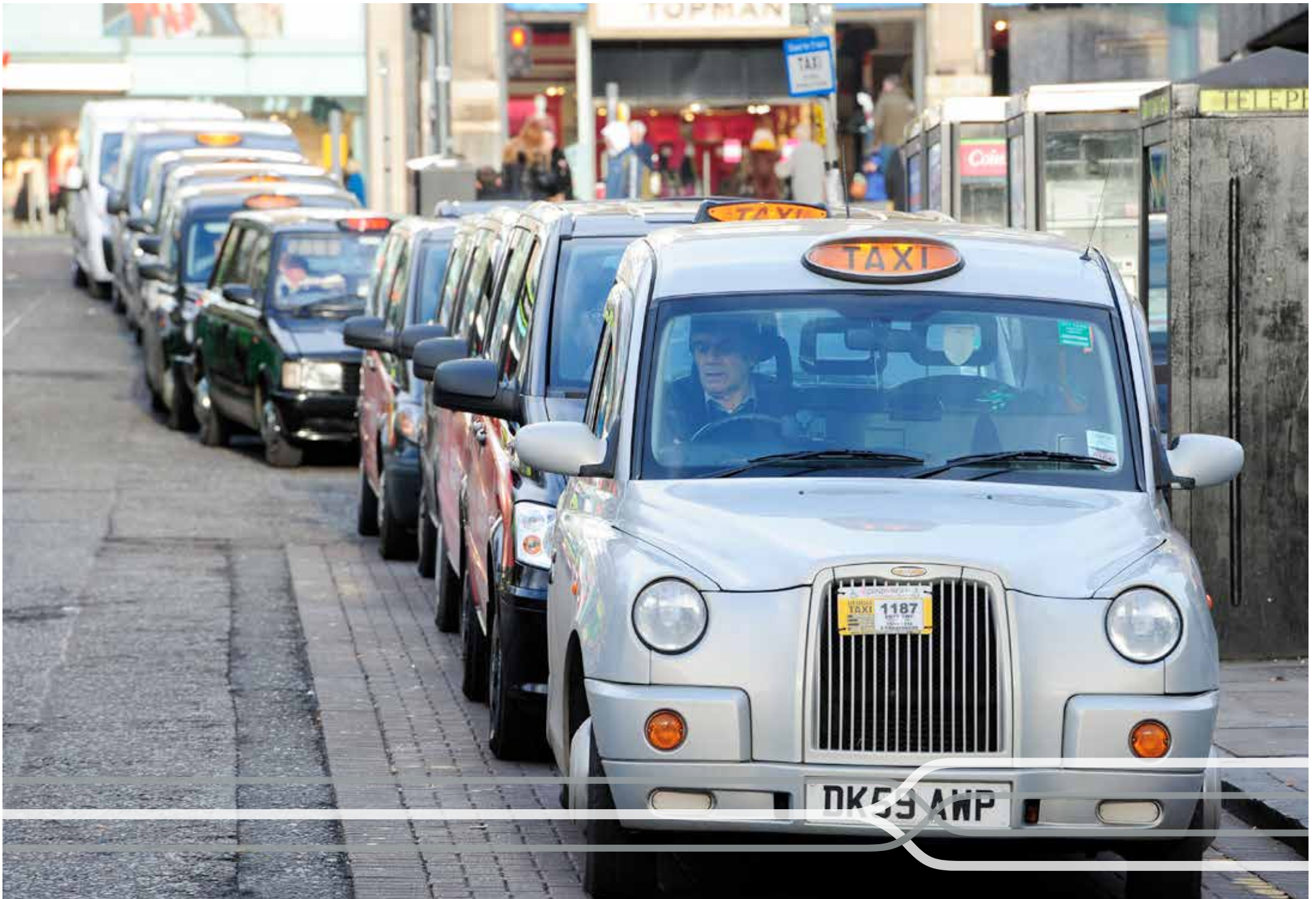ACCELERATING GROWTH
EDINBURGH AND SOUTH EAST SCOTLAND
CITY REGION DEAL

City Deal

Collaborate with Transport Partners

Situation

As with cooperation with neighbours and coordination across the city, there is currently ad-hoc collaboration with other operators and partners. This is in part due to the legal landscape in the transport sector and competition laws and regulation. There are significant opportunities to improve the customer proposition through collaboration in a legally acceptable way.

Opportunity

Initial discussions with potential partners show there is a strong appetite for having a single point of contact. TfE would enable this by acting as the main integration agent in the City Region (e.g. decision enabler, not maker), while being mindful and clear about the delineation of its role as a parent company. It is clear that the role of TfE will enable collaboration and a clearer voice for all operators to influence policy and shape a network of transport options for the benefit of the customer.

Priorities

- Develop protocols for wider collaboration and influence.
- Review opportunities for multi-modal, to multi-operator ticketing in region, including contactless.
- Scope how to take full advantage of the new Queensferry Crossing.
- Opportunities for collaboration on subsidised services (e.g. health with NHS Lothian).
- Develop mechanisms for other operators to be fully integrated at modal interchanges.
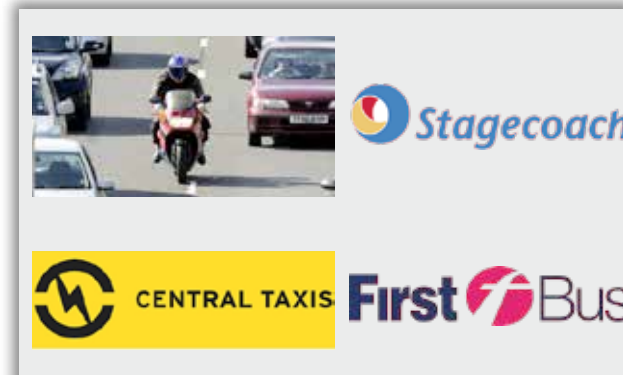
Years 1 - 2
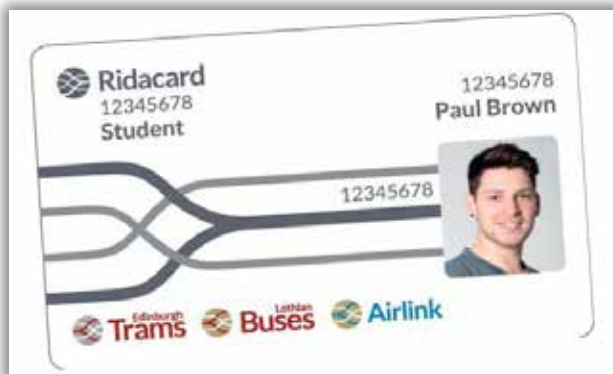
Years 3 - 5

Integrated Ticketing

Subsidised Services

Queensferry Crossing

Multi-modal Integration

Rail

Blueprint Collaboration

Project Delivery for the City

Situation

Developing an internal project delivery capability has been shown, in many of the cities we have studied, to have wider benefits notably the development of capabilities to bring world-class integration, e.g. in project and programme management.

Opportunity

CEC has 'shovel ready' projects that would add significant value to the transport network. TfE, as the primary transport integration agent for the city, will lobby for these to be delivered. TfE should develop these opportunities and take further advantage to build capabilities in project delivery that will enable more ambitious projects longer term.

We foresee the opportunity in project delivery as highly scalable dependent on the needs of the city at any one time. Being able to adjust capacity in this way would prove a valuable asset and to do this, TfE will need to establish strong sponsorship and procurement skills, among other functional expertise.

Priorities

As per TfE Governance Report, Transport and Environment Committee, 30 August 2016 develop a Service Level Agreement (SLA) between CEC and TfE and for the TfE Group.

Develop business cases for management and operation of:

- Edinburgh Bus Station.
- Park and Ride sites.
- Integrated Ticketing, Marketing and Comms.
- City Operations including CCTV, traffic and travel information, responses to facilitate efficient TDM.
- City Bike Hire schemes at no/minimal cost to the council.
- Support potential tram extension work and subsequent potential projects.

Years 1 - 2

Years 3 - 5

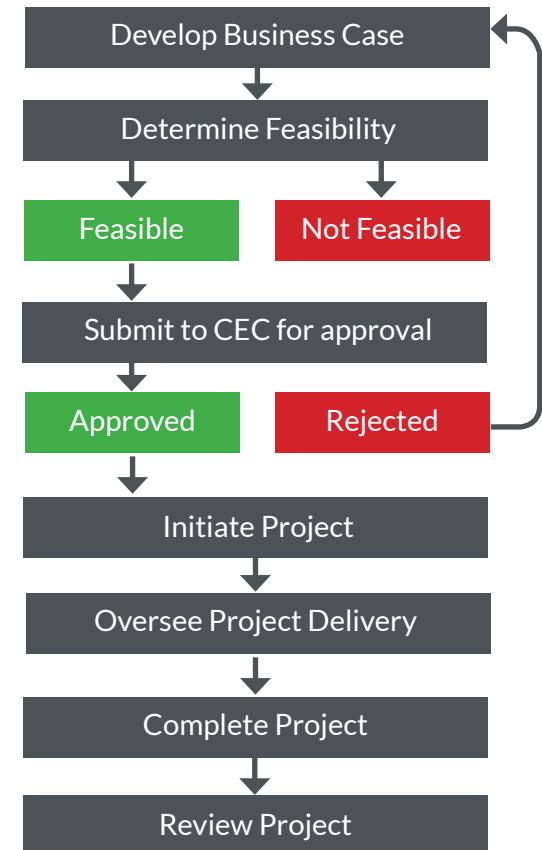

Bus Station

Cycle Hire

City Operations and TDM

Potential Tram Extension

Project Management Process:

Develop Business Case

Determine Feasibility

Feasible | Not Feasible

Submit to CEC for approval

Approved | Rejected

Initiate Project

Oversee Project Delivery

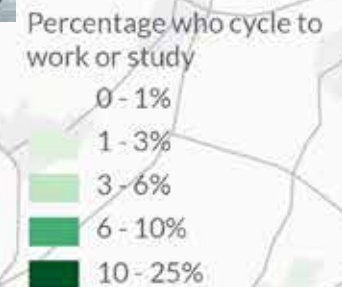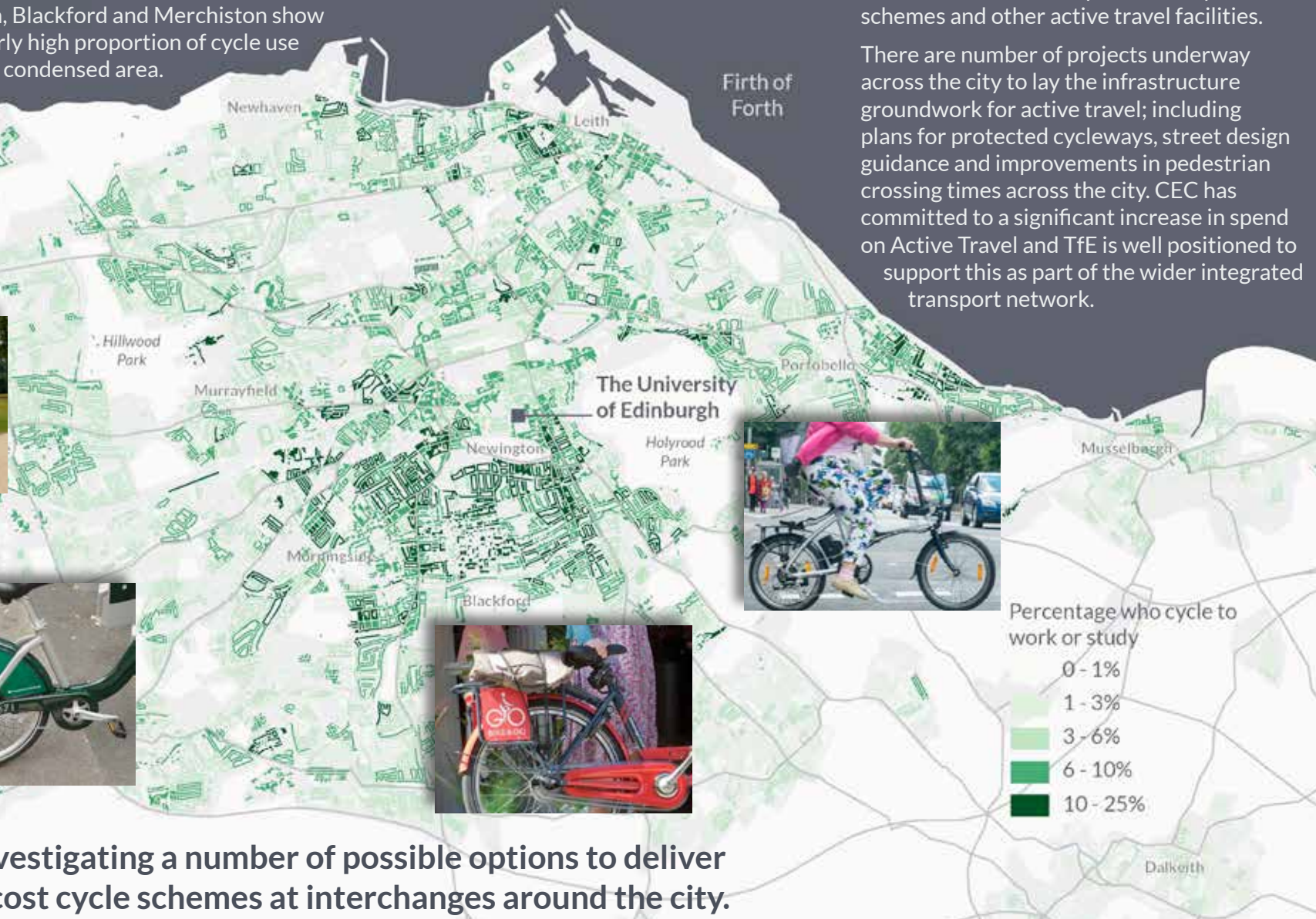Complete Project

Review Project

Cycle Scheme Opportunities

A number of opportunities have been identified to encourage cycling and active travel. For example, the area around Edinburgh University notably Morningside, Newington, Blackford and Merchiston show a particularly high proportion of cycle use in a condensed area.

This preference represents an opportunity to develop cycle hire and other facilities for cycling that would support and promote active travel.

The east and north of the city; Portobello, Trinity and Newhaven all have established cycle mode share for journeys to work or study and could also be further development communities for the expansion of cycle schemes and other active travel facilities.

There are number of projects underway across the city to lay the infrastructure groundwork for active travel; including plans for protected cycleways, street design guidance and improvements in pedestrian crossing times across the city. CEC has committed to a significant increase in spend on Active Travel and TfE is well positioned to support this as part of the wider integrated transport network.

Firth of Forth

Newhaven
Leith
Portobello
Musselburgh
Hillwood Park
Murrayfield
The University of Edinburgh
Holyrood Park
Newington
Morningside
Blackford
Dalkeith

Percentage who cycle to work or study

- 0 - 1%
- 1 - 3%
- 3 - 6%
- 6 - 10%
- 10 - 25%

TfE is investigating a number of possible options to deliver low/no cost cycle schemes at interchanges around the city.

Contains OS data © Crown copyright and database right 2016
Transport data from the National Records for Scotland and Scotland's Census

Parent Company for the Group

Situation

There is an enduring legal requirement for a "single financial entity" that allows Lothian Buses and Edinburgh Trams to operate coincidentally. That entity is TfE. TfE holds the CEC 100% shareholding of Edinburgh Trams and the 91% CEC shareholding of Lothian Buses. TfE also bridges the gap between Regional (SEStran) and CEC policy and strategy development and operationalises those strategies in the TfE companies, where commercial decision making is likely to take pre-eminence. TfE provides the mechanism to balance competing high level city objectives: integration, access, social inclusion and sustainability with profit and public investment.

Opportunity

TfE will operate as a conduit across the Group companies for strategic priorities, strategy development and commercial prioritisation. TfE will influence policy at city, regional and national levels.

Priorities

- Alignment of strategy development.
- Explore and assume delegated authority functions for TfE.
- Continue to develop shared services across the Group.
- Alignment of governance and authorities with CEC strategic intent for TfE as Arms Length External Organisation (ALEO).

Years 1 - 2

Governance

Investment Strategy

Delegated Authority

Organisational Development

Years 3 - 5

Grow the Group

5. PROJECT DELIVERY METHODOLOGY

The TfE Strategy for Delivery aims to focus on achieving initial successes over the first 2 years, then more complex projects over the next 3-5 years.

This will allow TfE to build organisational capabilities before taking on more challenging initiatives.

Prioritising Our Efforts

TfE developed a method that enabled us to focus and prioritise in order to ensure that TfE deliver best value for money and remain a lean and agile contributor to the City Region.
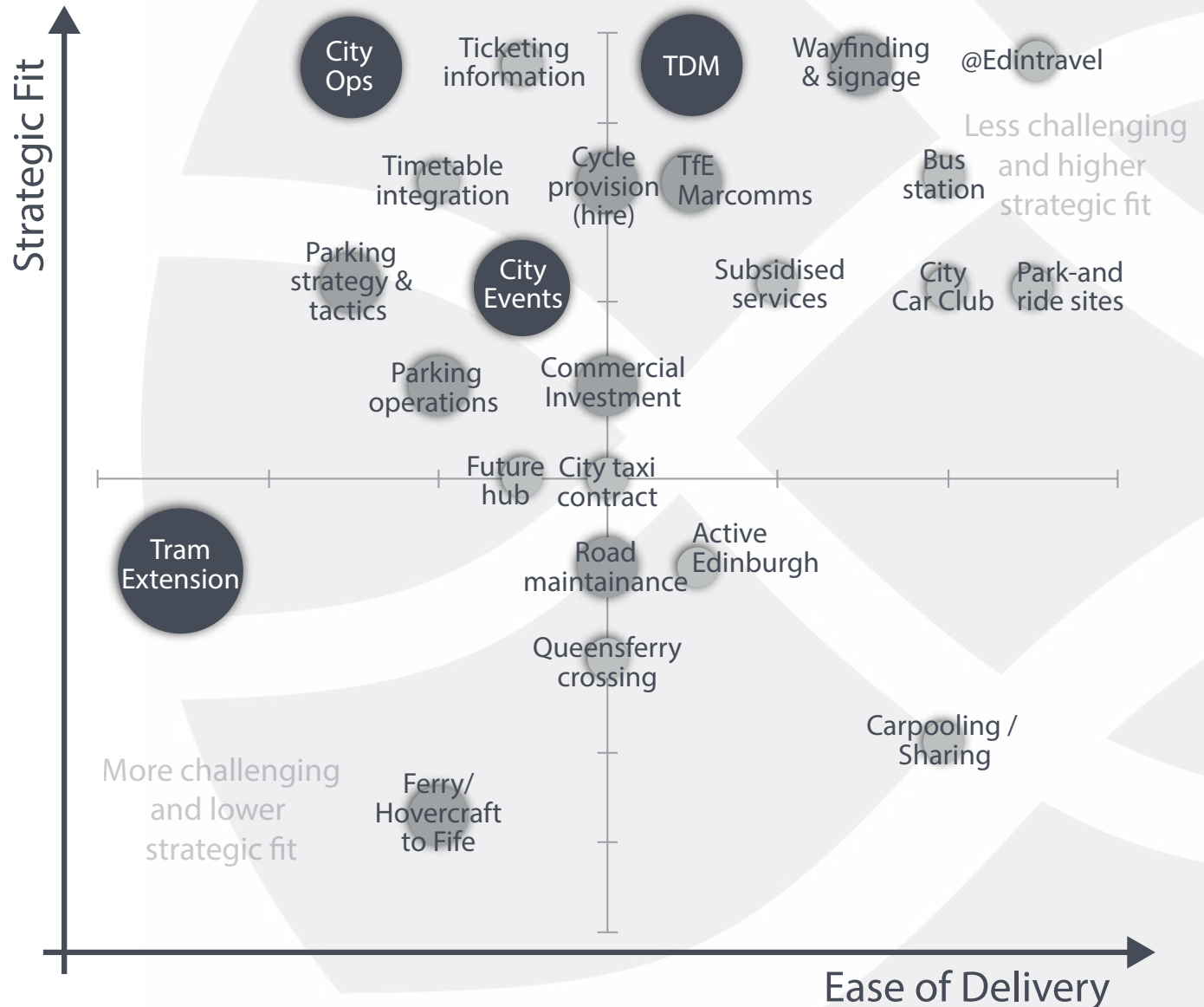
We collected all ideas raised during our review of existing opportunities from the Transport Vision, and from our wide consultation. We asked our stakeholders to score each opportunity on strategic fit with our outcomes and vision and ease of delivery.

The scores were then mapped on the matrix to the right. While other factors will impact our eventual prioritisation, the matrix illustrates how TfE will approach potential opportunities in line with our strategy and the organisational reality of growing the organisation.

Already though, we have developed a Quick Wins Paper approved by the TfE board that authorised work on exploring a number of integration opportunities:

- St Andrew Square Bus Station
- Active travel in Edinburgh, walking and cycling (including pilot cycle hire schemes)
- Park and Ride
- Wayfinding
- Edinburgh Travel
- City Taxi and Taxicard
- City Car Club
- Travel Ambassadors
- Marketing and communications

On 30 August 2016 TfE were directed to develop business cases for the first tranche of these opportunities.

Matrix with axes "Strategic Fit" (vertical) and "Ease of Delivery" (horizontal):

- City Ops
- Ticketing information
- TDM
- Wayfinding & signage
- @Edintravel
- Timetable integration
- Cycle provision (hire)
- TfE Marcomms
- Bus station
- Parking strategy & tactics
- City Events
- Subsidised services
- City Car Club
- Park-and-ride sites
- Parking operations
- Commercial Investment
- Future hub
- City taxi contract
- Active Edinburgh
- Tram Extension
- Road maintainance
- Queensferry crossing
- Carpooling / Sharing
- Ferry/ Hovercraft to Fife

Less challenging and higher strategic fit

More challenging and lower strategic fit

STRATEGY DELIVERY: 2017

In 2017, TfE will continue to support Lothian Buses to deliver their 3 year plan (2017-2019), as well as the enhancement of the existing Edinburgh Trams service.

It will also implement the transfer of existing functionality and capability from CEC to TfE where business cases and plans have been approved, and begin working on new, priority projects.

Priority Project: Continued Integration

Continued work integrating and developing bus and tram will enhance partnerships, frequencies, network coverage (including in support of growth and new development), speed and efficiency, interchange and customer facing interactivity

Priority Project: Bus Station Operational Enhancements

Enhance bus station operations to improve utilisation and revenue, as well as improve the quality and availability of travel information to enhance the overall customer experience.

Priority Project: Park and Ride

Work with neighbours to develop the ring of Park and Rides around the city, including extending existing sites and providing new ones. Explore options for improved public transport from them and opportunities for revenue generation at them.

Priority Project: @Edintravel

Begin the wider Travel Demand Management project by incorporating the @Edintravel service into TfE. Support and enhance the service to provide 7 day a week coverage and full multi-modal integration.

CORE ACTIVITIES

- Develop SLA with CEC / the Group
- Improve Group governance
- Develop Group organisation and capabilities
- Conduct parent company business
- Fulfil engagement role as primary integration agent for city

2017

Priority Project: Wayfinding and Signage

Champion a project to provide integrated, consistent and high quality wayfinding and signage across the city and wider region, both in physical and digital form, to enhance customer information as well as the wider public realm, supporting the use of public transport and Active Travel.

Business Cases and Project Proposals:

Other projects to be initiated will include:

- Contactless ticketing across the Group and more widely.
- TfE Marketing and Communications.
- City Car Club.

- Travel Demand Management.
- Cycling schemes.
- City Operations.

STRATEGY DELIVERY: 2018

In 2018 the key priority projects started in 2017 will be being implemented and become part of TfE's core activities. Project delivery will focus on the strategic projects initiated in 2017.

TfE will develop processes and mechanisms for cooperation with stakeholders to inform spatial policy and integrated transport outcomes in particular, but not exclusively, with developers and transport operators. It will support alignment of TfE Strategy for Delivery 2017 – 21 with the Local Transport Strategy 2014 -2019.

City Operations

Develop integrated city operations for both day-to-day operations and special events to improve the customer experience. This will reinforce capability to improve responsiveness by bringing key operations together, while improving information flow internally and for customers.

Cycling Schemes

Promote active travel by developing a series of cycling schemes, marketing and communication activities, working with businesses, improving information and may involve new services such as cycle hire.

Contactless, Integrated Ticketing

Develop integrated, contactless ticketing across multiple modes to improve the customer experience and make efficiency savings.

2018 — CORE ACTIVITIES

City Events

Provide a framework and contingency database to assess the impacts of various options and co-ordinate decision making around events. TfE will act as an independent, expert advisor for transport decisions and/or take decisions where empowered to do so. The developing "City Operations" capability will provide an opportunity for improved planning, preparation, conduct and contingency planning for major events and routine transport in the city.

Business Cases and Project Proposals:

Other projects to be considered will include:

- Subsidised services.
- Commercial investment.
- Timetable integration.

- Parking strategy and tactics.
- Parking operations.

STRATEGY DELIVERY: 2019 - 2021

From 2019-2021, TfE will align with the City Deal requirements, and begin to develop transport elements of the City Vision 2050 as directed.

Projects initiated in 2017 and 2018 will be completed and fully integrated into TfE's core activities. Further projects will be initiated and completed during this period in alignment with any infrastructure improvements, such as the potential tram extension.

Parking Operations

To improve parking operations a real time information system about parking availability will improve customer information and offer.

Futures Hub

A Futures Hub will lead on innovations to ensure Edinburgh is best placed to embrace new technology and ideas in the coming years. This will be aligned with the City Vision 2050. TfE has already started work on this project with Edinburgh University.

Commercial Investment

TfE will develop a longer term plan to maximise the value of commercial investments made in the city's transport infrastructure and services.

2019-2021   CORE ACTIVITIES

City Operations

TfE will hold the single source of truth regarding road works and maintenance for the city. It will facilitate collaboration across agencies to ensure programme works are delivered efficiently in order to achieve the best outcome for the city. This will form part of the developing City Operations function, helping to monitor and enforce roads authority decisions and mitigate the effects of road works.

Business Cases and Project Proposals:

Other projects to be considered will include:

- Support to potential tram extension.
- City taxi contract.
- Queensferry crossing.

- Active Travel in Edinburgh
- Carpooling/sharing.

6. GOVERNANCE

Good governance will be central to the success of the TfE Strategy for Delivery. Governance and financial arrangements can be complex, however at the core, CEC will remain responsible for ensuring that TfE uses public funds properly and can demonstrate best value.

Following the Public Pound Code is a statutory requirement for the governance of TfE and these basic principles will be considered as part of any expansion of the role and responsibilities of TfE:

- Clear purpose in funding.
- Set out a suitable financial regime.
- Monitor financial and service performance.
- Carefully consider representation on the TfE Board.
- Establish protocols for CEC involvement in TfE.
- Maintain audit access to support accountability.

The TfE Board

CEC will set clear criteria for the skills and experience required of TfE Board Members and the different roles on the board of TfE.

There must also be a clear and transparent selection process to make appointments to The Board. In addition to board training conducted for members, Councillors that serve on the TfE Board will receive support and advice on the delineation of their responsibilities to the company and to CEC.

TfE is fully engaged with the ongoing CEC review of ALEO governance. This will determine TfE reporting and oversight mechanisms.

TfE Group Companies

TfE CEO will support the respective boards and the development of Group governance to ensure alignment.

The Service Level Agreement (SLA)

The SLA will define in more detail the TfE governance and scrutiny processes as well as objectives and monitoring between CEC and TfE.

The document will also set the framework for the scope of TfE core activities and the decision and funding process for additional projects. In practice, this should follow the steps outlined above.

The SLA that clarifies the funding arrangement for TfE will also ensure alignment with CEC policies and legal requirements, including, but not limited to:

- Equalities.
- Sustainability.
- Recruitment and employment practices.
- Data protection and handling.
- Freedom of information principles.
- Standards and behaviour.
- Engagement with citizens and service users.

The SLA will also address any inconsistency across existing Shareholder Agreements and Articles of Association.
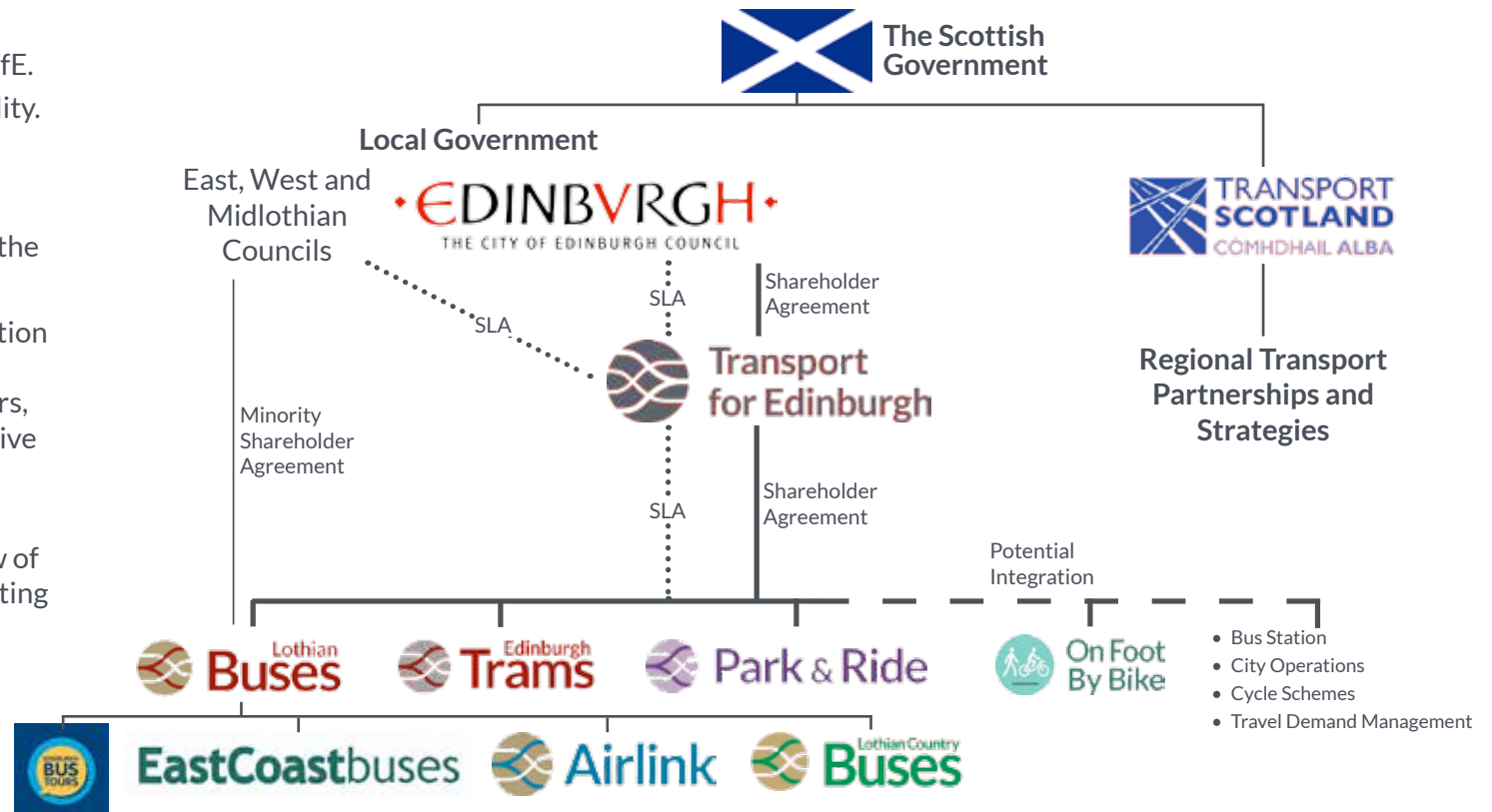
TFE'S VALUES

Our values guide the way our company acts to deliver the interventions outlined in this Strategy.

TRUSTED
We behave in a way that encourages trust from others. We have faith in our colleagues.

We each welcome responsibility, ownership and accountability.

Teamwork is a key pillar of our success; we behave as a team, we believe in out colleagues and we support our colleagues

We are positive in our interactions with others, being supportive, collaborative and friendly.

We each behave in a professional manner that encourages trust.

We are professional in giving feedback, and we welcome positive, constructive feedback and challenge.

INNOVATIVE
We solve problems. We continually look to improve.

We will look both within and out with our industry for inspiration and best-practice.

We accept not every idea is successful, but we learn and improve without negativity or harsh criticism.

We're adventurous, we're curious, we take calculated risks, always looking to improve, solve problems and address challenges.

'We've always done it like this' is never a good answer.

We experiment, we try new things, we embrace positive change and try out best to ensure new ideas are given every chance of success.

PASSIONATE
We care. We act.

We care about quality and delivering great services to our customers and our colleagues.

We act upon our intentions to do better every time.

We enjoy what we do, we derive satisfaction from performing a good job every time and this is noticeable to others.

We have a 'can do' attitude; we are positive, supportive, helpful and a real team player.

We 'go the extra mile', performing beyond simply what is expected.

SMART
We make logical and intelligent decisions.

We are clear in our roles, the value we add and what is expected of us.

We plan, we measure and we consider, building strong arguments to support decision-making.

We apply and share our knowledge to the benefit of the business, driving improvements and efficiencies.

We respect knowledge, facts and the expertise of others.

We look to learn and develop to be the best that we can, fulfilling our potential and that of our teams.
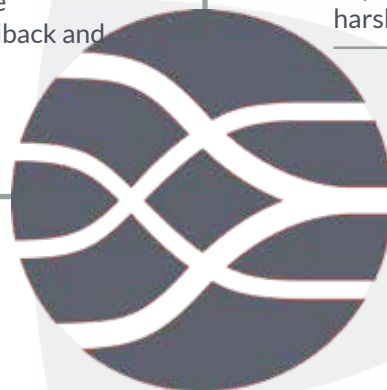
Developed following widespread consultation in 2014.

7. MONITORING PERFORMANCE

The methods for monitoring TfE performance will be confirmed in the Service Level Agreement between the City of Edinburgh and TfE.

Detail of the process will be included in the TfE 3 Year Management Plan. Performance in core output areas (integration, coordination, cooperation, collaboration and being Parent Company) will be measured separately from TfE project performance.

Each new TfE project is likely to require a distinct performance monitoring regime. These will be agreed through the business case that authorises the project to be undertaken by TfE. Scrutiny will be through both the TfE Board and directly by CEC in accordance with emerging guidelines for the governance of CEC Arms Length External Organisations (ALEOs).

The performance measurement framework will be regularly reviewed and adapted to any changes in role or responsibilities of TfE.

Core Outcome Monitoring will scrutinise our performance against the TfE outcomes.

Accessible Services	World Class Integration
Socially Inclusive Services	Economic Benefit
A healthy and sustainable city	Customer Satisfaction

Approach:
- Long-term focus (annual)
- Continuous improvement
- Qualitative and quantitative measurement
- Focus on customer and stakeholder outcomes

Focus Areas:
- Corporate Governance
- Value for money
- Annual Survey (trends)

Project Delivery Targets will be specific and readily measurable against business cases.

Park and Ride (TBC)	Cycle schemes (TBC)
Bus Station (TBC)	@Edintravel (TBC)
City Operations (TBC)	Wayfinding & Signage (TBC)

Approach:
- Short term delivery focus
- Specific targets
- Quantitative measurement
- Focus on outputs and expenditure

Focus Areas:
- Status reports
- Financial scrutiny
- Risk management
- Benefit measurement

ANNEX - CASE STUDIES

Case studies were conducted to illustrate the types of activities and opportunities that will be considered by TfE as part of its strategy delivery. The summaries below provide a flavour and direction of how TfE's objectives may be met and outcomes delivered. Each will be developed and taken forward, where relevant, according to its own business case and activity plan.

Car Club and Single Outcome Planning

Opportunity

TfE could support CEC and transport partners to ensure projects are integrated with transport and wider priorities. For example, when the City Car Club contract is renewed, TfE could ensure it fully considers emissions targets (such as using electric vehicles) and is located in areas which ensure it is well connected to the wider, integrated, low carbon network and multimodal interchanges.

Potential Benefit

This approach would ensure projects are delivered in the most effective way possible for TfE customers and the city. This would maximise the value of projects, and take advantage of opportunities to meet TfE's outcomes and objectives through effective integration.

City Operations and Increased Travel Demand

Opportunity

TfE could develop mechanisms to adapt transport operations to meet the changing demands of the city, such as during the peak summer visitor season. TfE would facilitate proactive planning for these periods, ensuring collaboration between partners and continually learning from experience, to cope with the added pressure on the fragile network.

Potential Benefit

This approach would ensure the City of Edinburgh can continue to thrive and grow as a cultural centre, enhance its reputation and encourage return visits.

Special Event Planning

Opportunity

TfE would provide a framework to assess and mitigate the impacts of special events. It would co-ordinate decision making around events, ensuring integration between operators. Joint City Operations and Travel Demand Management would keep the city moving during the events themselves.

Potential Benefit

More effective event planning would improve efficiency and reduce the negative impact of events on the city. It would maintain journey times and inform the public not participating in the event, when and how they are likely to be disrupted and most importantly what alternatives have been put in place.

ANNEX - CASE STUDIES

City Operations Co-ordination

Opportunity

TfE could maintain a comprehensive overview of road space works across the city. This would support collaboration across agencies to programme works efficiently in order to achieve the best outcomes for the city. TfE could act as 'honest broker' for road space allocation, mitigating disruption and balancing competing demands. TfE would support enforcement through its City Operations capability and coordination of activity.

Potential Benefit

The main benefit is reducing the impact of road works by improving co-ordination and reducing congestion. This would generate direct financial savings and improve the customer experience.

Strategic Investment and Informing Decisions

Opportunity

TfE would work to ensure funding such as City Deal, the European Union (while still available) and other sources are used most effectively. It would build deep travel behaviour expertise in order to inform and provide structure and evidence for funding decisions. TfE would act as an independent, expert advisor for transport decisions and/or take decisions where empowered to do so.

Potential Benefit

Supporting strategic investment would ensure funding is used in the best possible way to improve the entire network, allowing the city to fulfil its objectives and vision.
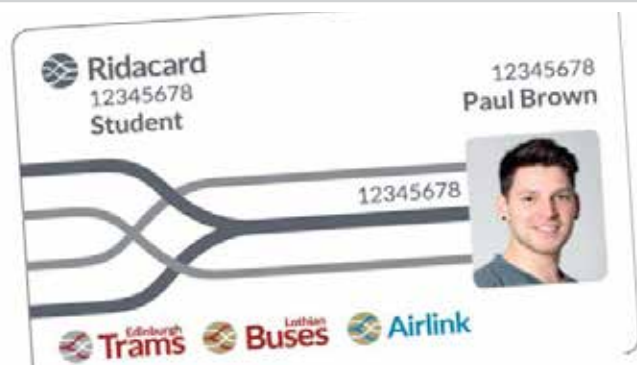
Integrated Ticketing

Opportunity

TfE would support the continued development of fully integrated, smart, electronic ticketing systems, i.e. contactless/Saltire. TfE would use such systems and data to improve the customer experience and inform strategic planning of transport for the city.

Potential Benefit

Smart, integrated ticketing would improve efficiency, generate new revenue streams and most significantly improve the customer experience. In addition, it would be easier to capture data about user behaviour to optimise the network. Data sharing protocols will support the provision of "big data" to better inform transport decisions.

ANNEX - CASE STUDIES

Edinburgh Travel

Opportunity

TfE could incorporate EdinTravel within a Travel Demand Management capability alongside multiple channels which would bring multiple benefits to the city; reducing congestion, improving the customer experience, and offering consistent messages across modes.

Potential Benefit

Improved TDM could encourage modal shift, generate efficiency savings across the network and improve the customer experience, especially when woven into a City Operations function.

Health and Social Care Transport

Opportunity

TfE could develop its role to bring NHS Lothian and other potential partners to the table. There may also be an opportunity for an additional revenue stream .

Potential Benefit

CEC and NHS Lothian could realise significant benefits from a fully integrated approach making full use of existing capability.

Integrated Wayfinding and Signage Strategy

Opportunity

Wayfinding would signpost connections between modes, encourage certain routes, destinations and potentially generate new patronage and revenue streams. The opportunity is not limited to fixed signage, but includes digital media and updated on-street information.

Potential Benefit

Improved wayfinding and signage would improve the public realm and visitor experience, could be used to promote modes such as active travel and public transport as part of a fully integrated network. New revenue streams could be created through advertising and promotion using the scheme.

ANNEX - CASE STUDIES

Horizontal Integration

Opportunity

TfE could support CEC to improve the strategy and planning process to ensure outcome / objective setting and delivery is in line with sector best practice. It would develop a fit for purpose Programme Management Office (PMO) for delivery and support to CEC to assure delivery of the city transport strategy and action plans. TfE would support delivery of any City Deal as principal integration agent and/or sponsor for transport in Edinburgh.

Potential Benefit

TfE would act as a "forcing function" to support the realisation of outcomes and improve decision support to CEC for investments, especially for horizontal integration of transport projects.

City Operations - Systems, Data, C3I2*

Opportunity

TfE could lead the development of a robust, fully integrated system for city transport operations and develop data collection and analytics in order to better inform decision making. This could be done in concert with upgrading and improvement of existing CCTV and other systems. With increasing demands on limited road space, it is an imperative to manage space efficiently. TfE would develop resilience and improve operational performance of the network through enhanced C3I2*.

Potential Benefit

Reduction in congestion, delays and improvement in reliability for the city, as well as efficiency savings through sharing infrastructure and co-locating resources. Proactive, not reactive, response to increasing congestion and incidents.

Incident Response (e.g. Haymarket Power Outage)

Opportunity

Through City Operations TfE could lead the city's approach to transport disruptions. TfE would coordinate transport partners and other stakeholders to rapidly respond to incidents in order to maintain customer service.

TfE would develop cross-agency operating procedures and a continuous improvement approach. This approach will be resourced properly for business continuity in order to maintain accessibility and customer satisfaction.

Potential Benefit

Improved reliability and reduced congestion for customers. Confidence that the city has a dynamic system to anticipate and respond to incidents.

* Command, Control, Communications, Intelligence, and Interoperability

ANNEX - CASE STUDIES

Development Planning – Modal Shift

Opportunity

TfE would provide a coordination point for developers in the city region to ensure that transport requirements are met and that transport investment plans align well with the strategic development plan. TfE would bring consistency and manage expectations for Section 75 requirements and contributions.

TfE would develop and present a balanced case and 'modally agnostic' independent view of projects, informed by technical expertise and in consideration of the wider strategic vision. This independent view would help inform council decisions.

Potential Benefit

Investor confidence, avoidance of risk in development planning, improved working relationships with developers and stakeholders and increased customer satisfaction.

Marketing and Communications

Opportunity

TfE could integrate messaging across modes to ensure customers have consistent and high quality information on the modal options available to them for their journeys.

TfE would bring the TDM opportunity to bear on messaging across channels, to support customers to make informed choices based on decision factors and up to date information.

Potential Benefit

Improve mode share for public transport and active travel. Improve revenues across services, customer satisfaction rating would increase with consistent information plus contribute to TDM benefits.

Active Travel

Opportunity

TfE would champion Active Travel schemes such as potential bike hire projects. It would promote walking and cycling through its marketing and communication strategies wherever possible as part of the integrated network.

Potential Benefit

Increasing walking/cycling shares would reduce pressure on roads while encouraging healthy and sustainable travel. If fully integrated it will lead to modal shift to public transport away from single occupancy, private car use.

GLOSSARY

TfE Group

Transport for Edinburgh as parent company, with Lothian Buses and its subsidiaries (Airlink, Edinburgh Bus Tours, East Coast Buses, Lothian Country Buses) and Edinburgh Trams. Further information about the TfE Group is available at http://transportforedinburgh.com/

TDM

Transport Demand Management.

A range of means to reduce the demand for travel on the transport network, particularly private modes of travel, in order to facilitate increases in other modes such as public and active travel particular involving fewer trips or reduced distance.

Initiatives include measures to reduce the need for, or distance of, trips, may be achieved through spatial planning and mixing of residential, employment, and leisure uses in. Measures may also include travel information and education and behaviour change initiatives such as personal and employee travel planning.

Other measures include the suppression of travel through measures such as parking or access restrictions and controls, particularly at times or locations where demand is highest and outstrips available capacity, encouraging travel by other modes or at different times when demand is lower.

Specific environmental measures and reallocation and/or prioritisation of space to different users can promote lower emissions means of travel and vehicle types, and this may include permanent measures as well as live/'intelligent' traffic management.

City Operations

Initiatives ranging from the management of parking and roadworks, to the coordination of traffic information and control systems to enable the efficient movement of people and goods and the prioritisation of modes of travel towards the top of the sustainable transport hierarchy.

TfE Proposition

The overall suite of TfE's Vision, Objectives, Outcomes and Delivery Strategy.
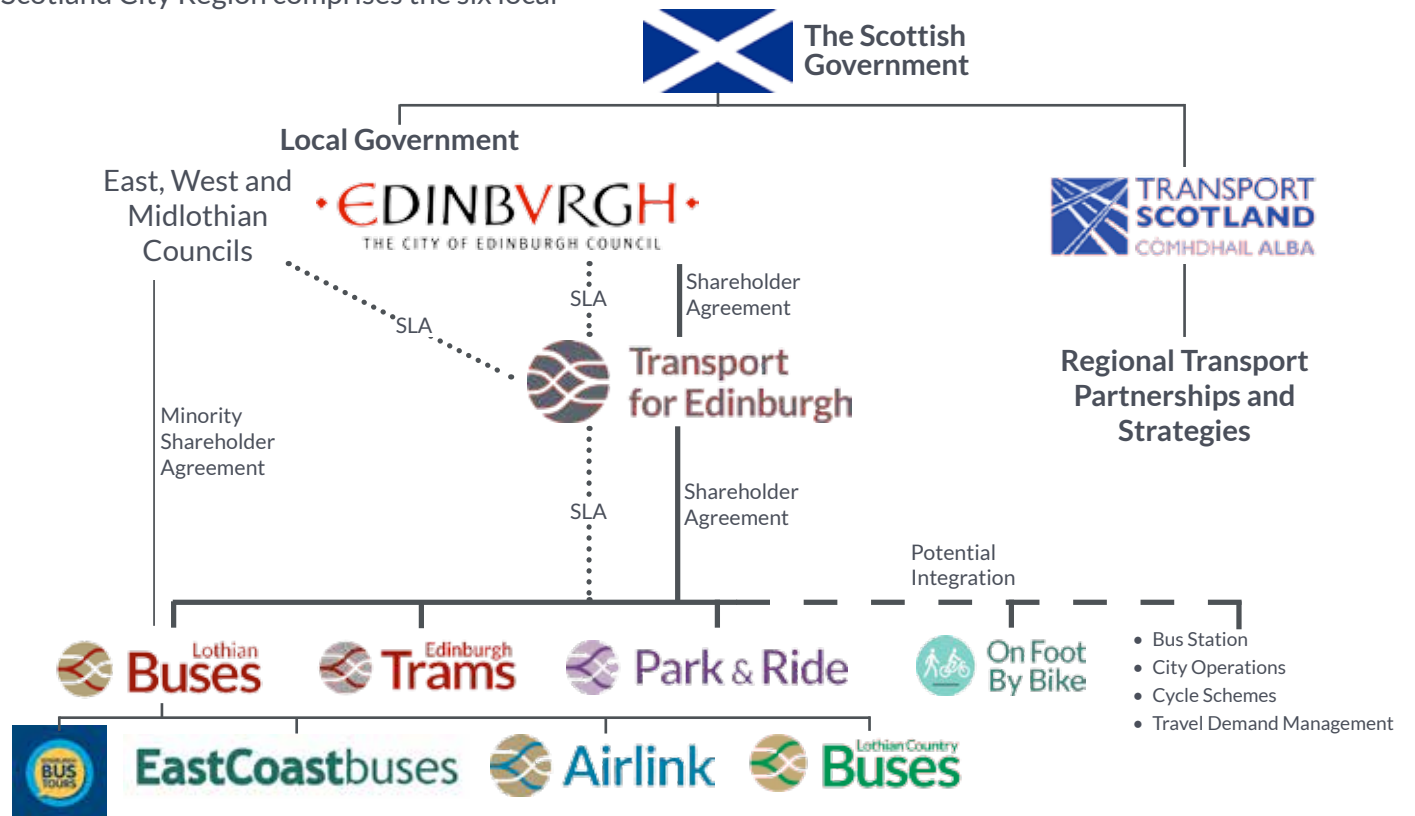
Edinburgh and South-East Scotland City Region/ City Deal:

The City Region Deal is a mechanism for accelerating growth by pulling in significant government investment. The Edinburgh and South-East Scotland City Region comprises the six local authorities of East Lothian, Edinburgh, Fife, Midlothian, Scottish Borders, and West Lothian. Further information is available at http://www.acceleratinggrowth.org.uk/

ALEO

Arms Length External Organisation, that can be used by councils to deliver services. These include companies, such as TfE, that are separate from the local authority but have representation on the board of the organisation, e.g. the council being a main funder or shareholder of the organisation. Further information can be found in the Audit Scotland Report, "Arm's-length external organisations (ALEOs): are you getting it right?" available at http://www.audit-scotland.gov.uk/docs/local/2011/nr_110616_aleos.pdf
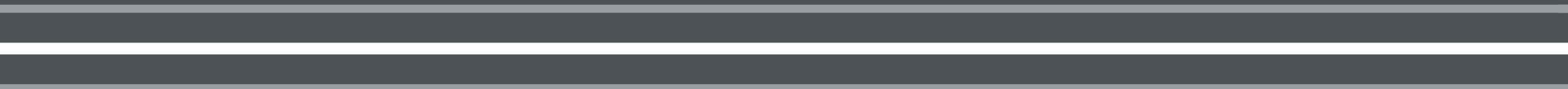
ACKNOWLEDGEMENTS

Lothian Buses

Business Plan
2017-2019

Business Plan
2017-2019

Lothian Buses

Managing Director's message

Edinburgh is an amazing city.

The capital of Scotland is internationally recognised as a city of culture, for its architecture and historic roots. Lothian Buses is proud to be the main transport provider in and around the capital.

Every day we keep the city moving, transporting hundreds of thousands of passengers across the city supporting the economy in retail, business and tourism. We make thousands of lives better by increasing the use of public transport and reducing our environmental footprint.

In the future we have to keep our networks flowing.

We must tackle the challenges within our operating environment and make sure we remain responsive and continue to provide inclusive transport solutions. We must work together with our partners in cohesion to keep the city roads and its people moving.

There is huge and increasing demand for our services. Historically this has seen passenger growth so that now everyday over 360,000 passenger journeys are undertaken on our buses.

We need to continue to increase the number of journeys undertaken as the city grows and expands into the future so that we can continue to create modal shift onto public transport

*"There are real **challenges** in the future. The population is growing and expanding bringing increased **congestion** on our roads and networks. This in turn brings issues around **climate change** and **sustainability**. Buses do and will continue to have an ever increasing role to **provide solutions and answers** to address these issues that affect our city, it's environs and our country."*

Lothian Buses supports both directly and indirectly thousands of jobs across Scotland.

Directly employed staff within our business together with the supply chain that services our business day in day out underpins and stimulates vital economic growth across our city and country.

We need to continue to find new ways to increase our income streams to ensure that we continue to invest and develop our business, refining the way we approach and do things, improving efficiencies ensuring we continue to be an organisation fit for the future.

Lothian Buses

Technology has a key role to play.

The challenge is how we can harness innovation to connect to our customers to make sure we are market leaders in ticketing, on-street information and methods of payment. The rapid pace of change and how that directs the customers' expectations is something we not only have to meet but also exceed, ensuring we use technology to its fullest potential to maximise the output.

There are real challenges in the future.

The population is growing and expanding bringing increased congestion on our roads and networks. This in turn brings issues around climate change and sustainability. Buses do and will continue to have an ever increasing role to provide solutions and answers to address these issues that affect our city, it's environs and our country.

Lothian Buses has already established itself as a market leader in the provision and delivery of bus services in Edinburgh.

The challenge for the future is how we now take that to the next level and that our reputation for doing this is cemented and that the wider audience recognises how integral public transport is in supporting and transforming communities and lives.

Richard Hall,
Managing Director

Our DNA

Lothian Buses support economic development and population growth within the city and it's environs

Lothian Buses provide and support transport opportunities for all

Lothian Buses are committed to reducing transport's contribution to climate change, and improve its resilience

Lothian Buses are committed to enhancing the quality of life for all that live and visit the city

Lothian Buses are committed to improving safety and security for all

Lothian Buses support and engage with the communities they operate in providing high levels of social engagement and interaction

Lothian Buses

Introduction

This business plan aims to demonstrate that Lothian Buses and its associated companies will maintain and develop its market share and continue to be the primary provider of affordable, reliable and high quality bus services to the people of Edinburgh and the surrounding area.

The company is committed to encouraging greater use of public transport in Edinburgh and the Lothians. As we move to the future looking beyond our current footprint and as the population demographic changes and moves. Lothian Buses recognises the importance of the Scottish Government, the City of Edinburgh and the Regional Council's adopted policies with regard to transport, the environment, economic development and social inclusion.

As such we will develop and improve our bus services, with increasing focus on the customer expectation and experience and the environmental impact of our operations

We will work with National Government and our shareholding councils to not only maintain but increase passenger numbers, improve passenger services, including facilities, information, ticketing and bus priority measures. We need our partners to recognise this and play their part in ensuring that public transportation, notably the bus, plays an integral part in the success of the economy and tackling climate change

750 buses

2000+ staff

6 depots

4 travelshops

2.3m passengers weekly

5 park & rides

The company has consistently invested in upgrading the operating fleet and improving the facilities at depots for staff to perform their work. This investment strategy is continued throughout the length of the plan with ongoing investment in vehicles and technology planned over the term. The business model is proven and delivers year on year customer satisfaction and financial results.

The projected profitability for the term of the plan is based on solid earnings, strong margins and high levels of cash generation which are all essential and key elements in being able to deliver all the objectives.

The plan recognises wider issues than profit maximisation. It seeks to achieve realistic passenger and revenue growth and a continuing investment policy (incorporating key investment in infrastructure, employees, vehicles, technology and services) in keeping with the requirements of the shareholders, delivering the highest quality whilst striving to be a "best in class" market leader and a role model for our industry and transportation not only in Scotland but in the wider UK market.

We will do all this while providing our shareholders with dividend returns in line with their expectations.

There is a substantial element of "social dividend" provided in respect of our companies' fares strategy and the network and service planning.

Customers - at the core of what we do

Our employees are the core of our business.

We must stimulate their thoughts and imaginations so that they can go out and deliver oustanding service to meet the needs and demands of our customers.

Year after year our customers tell us how much they love our service and the value it brings to their daily lives. We want our employees to exceed customer service levels in a world where expectation gets higher and higher. Our challenge now is to work with our brilliant employees to ensure that we are consistently the best for overall customer experience.

We aim to deliver safe, reliable and inclusive services for all.

"Thanks to the sweet guy driving the 25 who offered to carry my suitcase off the bus at Duke Street 11.45pm last night"

We are transforming bus travel in Scotland's capital and the Lothians, making it an experience second to none

"I'd like to say congratulations Lothian Buses on winning Scottish PTO of the Year for 2016!"

"Big thanks to one of your drivers for warning me about a sketchy back tyre. Saved the day."

"Thank you Lothian Buses for getting us all round Edinburgh to our various venues in the Festival. Best service ever. and my husband lost his bus pass on the last number 5 bus on Saturday night but got it back on Monday ! Thank you to the driver who handed it in. Fireworks tonight! Yippee!"

Lothian Buses

Organisation, leadership & people

Organisational structure

The environment in which we operate is changing constantly. This presents the business with the challenge of acquiring, growing and developing new skills and technical understanding. These require new ways of working and the business is committed to reviewing the organisational structure based on finding an optimum organisational design.

Defining and implementing a new senior team with relalignment of responsibilities will give the business the opportunity to re-shape our teams and re-define what they do and how they do it; this will be largely achieved during the first part of the planning period.

Equally we are committed to evolving the organisation throughout the whole of the plan as priorities change and we put in place the most efficient and effective team available.

The business plan

The increasing focus for all development activities will be on delivering an ever improving customer service provision. We will gain improved visibility of the impact of our development activities through increased Driver Quality Monitoring (DQM) to support our drivers in achieving customer service excellence.

We have a well-established training school which "grows our own" fully trained and qualified Passenger Carrying Vehicle (PCV) licence holders who drive our buses and provide an excellent service to our customers. We have been successful in attracting talented people through our employee offering in what is a very tight employment market in Edinburgh and the surrounding areas. We want to expand the pool of candidates that we source from by attracting a more diverse mix of applicants from under-represented groups such as women, ethnic minorities and young people, and will be working hard to encourage them in to our business.

We already have an established programme of engineering apprenticeships which delivers top-class engineers. With a UK focus on apprenticeships emerging our wish is to attract more young people into our business. We would like to expand our apprenticeships into PCV training working with the industry sector skills council People 1st and commercial training providers to develop occupational standards that map across to our existing training provision.

Established programmes linked to professional qualifications in support services such as finance, HR and marketing will continue, and we will refresh our management development offering from first line management through to senior leaders.

Markets & services

As was recently highlighted in the recent publication from Greener Journeys and Professor David Begg 'The Impact of Congestion on Bus Passengers', "........the best operation in the world will be sabotaged if congestion destroys reliability and journey speed"

Legislation

The current deregulated environment that the company continues to successfully operate in may be subject to significant changes during the lifetime of this plan.

Customer strategy

Over the last five years the company has continued to focus on simplifying the commercial network on offer to our customers to provide services and frequencies they require, while remaining economically viable.

The year-on-year decline in ridership that is a feature of the bus industry nationally has been arrested in Lothian Buses' business in recent years. We have seen ridership grow by an average of 2% per annum which equates to an increase of 10 million passengers since 2012. This growth has been maintained despite the significant passenger loss following the introduction of tram in June 2014.

However there are now signs that this growth is diminishing and if the operating environment is not addressed to keep traffic flowing then ridership will decline.

> **We have seen patronage increase by 10,000,000 since 2012**

Previous customer improvements in terms of vehicle quality (low floor accessibility), pricing (flat fare), customer information (Bus Tracker) and even eco/hybrid technological advances have all underwritten previous growth along with significant resource increases.

In all likelihood future growth will be delivered around smart information systems and easier ticketing/payment methods. Even in London where all of these measures are already in place patronage is beginning to decline because of deteriorating operating conditions and the ongoing fall in road speeds. While in some urban environments a move to smarter non-cash payment methods have been shown to improve boarding times and/or reduce dwell times, our flat fare, no change cash transaction times are comparable with current ITSO based systems elsewhere.

Unless the worst excesses of traffic congestion are mitigated as a matter of urgency in and around the city, either through re-introduction and re-enforcement of bus priorities, improved traffic signalling/sequencing and an overhaul of parking policies, then ever increasing journey times will switch off customer demand.

Lothian Buses

Commercial network

In recent years we have introduced or extended services to cater for a number of new developments within the city including Queen Margaret University, RBS Gogarburn, Western Harbour and the new Royal Infirmary.

We have now reached a stable position in terms of a substantive network coverage which delivers to the needs of the majority of customers and gives a high level of connectivity through the city and its environs.

As such the network is assumed to remain broadly constant throughout the period of the plan, but will be subject to ongoing bi-annual service adjustments to reflect changing levels of demand and cater for development opportunities and expansion around the city as they appear.

We will aim to operate services that deliver little or no margin in line with the shareholders desire to maintain a socially inclusive network. It should be noted that the ability to continue to support the current levels operated across both a geographical and 24 hour based approach is dependent on the continued strong performance of the overall business. These services are directly at risk should the overall performance decrease or not continue to grow in line with previous years.

Lothian Country Buses

Lothian Country Buses was launched in 2012. The introduction of several new routes and frequency enhancements across this network is continuing to deliver increases in patronage. This growth is expected to continue as more development areas evolve and other opportunities arise.

East Coast Buses

East Coast Buses was launched in August 2016 to pick up the on the exit of First Group from East Lothian and will become the positioning and delivery vehicle for future network developments to the East of the city. We believe there is a significant untapped potential throughout the region, and these early first steps, although extremely challenging as a result of the need to rebuild customer and market confidence, should pave the way for further expansion.

Supported network

99% of the Lothian Buses network is operated on a commercial basis. There still exists a residual but declining element of supported bus service provision that we will endeavour to cater for in the most economical and sustainable way. With almost all local authorities having to deal with ever decreasing budgets there is little scope to develop services beyond providing the lifeline that they have been identified as catering for.

Competition

In the deregulated market, Lothian Buses will always be exposed to competition. Lothian's quality has been consistently high and continues to command a considerable degree of local respect and loyalty, which has been a factor in fending off competitive assaults.

The overall bus market for public transport within Lothian's operating area is estimated to be in the region of 140m passengers, of which Lothian carried 120m in 2015, an 85% market share.

However it is ever more likely that the more intensive competition will be from other modes, be that train, tram, taxi and disruptive style offerings such as Uber.

In addition the adoption and funding of more active forms of travel via walking and cycling will abstract as much from the bus market as will impact on private motoring.

Cleaner electric/hybrid bus technology continues to become more affordable and will influence customer choice going forward.

Estimated bus market for public transport within Lothian's operating area...

140m passengers
of which Lothian carried
120m in 2015
which is an
85% market share

New developments/ network expansion

Although there have been no significant development opportunities in recent years there are now positive economic signs that this position may improve. The company is actively engaged with a number of developers who are looking to bring sites on stream in the near future and it is critical that we are engaged early enough in the process to influence and deliver best practice that places transport provision on the ground from day one. Just as route extensions have been introduced to cater for the Western Harbour, RBS Gogarburn and the New Royal Infirmary, similar extensions are anticipated for the new Bio Quarter, West Craigs and Fort Kinnaird.

As the city population grows it is envisaged that the majority of developments will be located beyond the reach of the traditional city centre areas in particular those in Wallyford, Blindwells and Haddington to the East and the Garden District and A8/Edinburgh Airport corridor to the West. In some cases, it will be possible to operate these on a wholly commercial basis while in others financial support in the form of pump priming Section 75 grants will be sought. It is highly likely that some compromise of the existing Lothian Buses 'model' will need to be developed to maximise these opportunities, in particular those emerging beyond our usual boundaries.

Park and Ride

Five Park & Ride sites are located in our operating territory, all owned by The City of Edinburgh Council. Ingliston and Hermiston were opened in 2005, Sheriffhall in 2007, Straiton and Wallyford in 2008 and in total they provide over 3,000 car parking spaces. Lothian Buses run four of these facilities at cost to the business on behalf of the city council (Wallyford is unmanned) and we operate the majority of services from these facilities, with the exception of Ingliston which is predominantly Tram.

A new facility is planned to accompany the opening of the new Queensferry Crossing and land has been earmarked although no funding is in place for sites at Lothianburn and Gilmerton.

Both Ingliston and Hermiston are close to capacity but without commensurate bus priority measures being deployed it is difficult to envisage growth opportunities across the other sites.

It is critical that appropriate and ongoing funding is made available for the development of these areas in order to support ongoing modal shift.

Airlink

The company's twenty-four hour service to Edinburgh Airport continues to provide Europe's most frequent bus based airport shuttle at a daytime service interval of a bus every eight minutes. Its commercial performance warrants continuing investment in vehicles that not only deliver but exceed the customer expectation on this key route.

There is an ongoing agreement with the Airport to operate bus services to and from the location.

Edinburgh Bus Tours

The ongoing performance of this part of the business is crucial to supporting the comprehensive level of service provided by the "City Bus" network giving it a key significance in the company's product portfolio.

Its strategic importance is highlighted by recent investment in bespoke buses to deliver this product.

Currently rated a five star visitor attraction by Visit Scotland we will build on the increasing tourism market both domestically and internationally.

Fares, ticketing and smart technology

Our long established and commercially successful policy on fares is to offer value for money to all, giving the greatest value to our most regular and frequent customers. This will continue to be the bedrock of our fares policy. The flat fare policy introduced in 2006 will be continued on our city network.

Between 2010 and 2016 the proportion of customers paying cash fares has reduced from 62% to under 50%. This proportion is expected to further reduce as Ridacard, m-ticket and Citysmart products continues to show strong growth and it is the companies long term desire to move to a cashless system.

New ticketing hardware and the additional functionality it allows, will in turn bring increased payment flexibility and customer loyalty across our network of services. Our commitment to the delivery of integrated smart ticketing across Scotland, the adoption of ITSO capability and a drive towards e-purse options while containing cost of sales will be at the forefront of our strategy.

Customer Marketing and Communications

Lothian Buses will continue to offer bus services for the people of Edinburgh and the Lothians with value for money fares in a safe and secure environment. The way in which we must engage and connect with our customers is changing.

Communication will place the customer experience at the heart of everything we do and our marketing strategy will be driven by rapidly evolving market trends as we seek to engage with our existing customers and reach new audiences. We will monitor and thereby reduce our reliance on traditional print collateral being ever mindful of our environmental footprint.

Digital

Digital products and services have taken on a new level of importance, both internally and externally.

Within the last two years, our web portfolio has developed and expanded, and crucially the Lothian Buses website is now one of the most popular sites in Edinburgh. Usage of our travel app has exploded with customers increasingly using it on a daily basis.

New technology will continue to be prioritised by the needs of both the internal and external customer. Innovation will influence the development of robust e-commerce platforms as we expand our digital reach and market pre-payment options aligned to new ticketing initiatives.

Essentially, development of our digital portfolio will continue to be based around the twin pillars of information provision and commercial sales – as we look ahead we will harness customer insight as we seek to find ways of extending the reach of our digital products and services to new users, adding value and thereby increasing loyalty.

We will however, remain cognisant of a new series of risks and challenges to our business: cyber-attacks, increased competition for information provision, and more.

Lothian Buses

Partnership Working

Through strands of sponsorship, brand association and co-creation/co-production projects we will increase partnership working throughout Edinburgh and the Lothians to capitalise on our brand reputation and expand our commercial reach.

Stakeholder communications

Over the next three years we will adopt a strategic approach to communication. We will change the way in which we engage with both external and internal stakeholders.

>> Externally - the principle behind the approach will be to ensure a steady flow of two way communication with the aim of creating greater awareness of, and advocacy for, the company's achievements and operating environment. Creating a topical focus and building a coherent and consistent narrative around key messages.

>> Internally – our objective is to develop and deliver an internal communications framework that provides clear, informative and engaging two-way communications which effectively link together key messages for our staff.

Tied into that ethos will be the effective communication of a credible CSR strategy aligned with the business. By proactively engaging with all stakeholders we aim to create an open dialogue, building robust relationships for longer term benefit.

Social media

Lothian Buses social media profile has grown organically to date at an exponential rate. The development of a high level strategy across the business will allow us to use social media tactically:

>> We will be understanding a whole social media audit, benchmarking current positions, implementing key improvements identified and develop content plans and styles to deliver consistency.

>> We will increase engagement from existing customers and connections, and draw in new audiences – ultimately driving ridership though organic and paid activity.

>> We will test and learn about the community and our brand in a social space, in order to shape growth of social media audiences and ultimately socially driven purchase.

Visitor Market

The last ten years has seen the tourism market in the city change remarkably with Edinburgh now having a rich, culturally diverse year round tourist industry. Over the next three years we will take steps to tactically engage with visitors to our operating area pre-arrival, with innovative and dynamic content promoting Lothian Buses offerings for travel from every point of relevant entry.

Significant vehicle investment into Edinburgh Bus Tours open top fleet provides an opportunity to remarket the Tours proposition strategically, aligned to an overarching theme of customer experience with the additional narrative of accessibility and the environment.

With an improved e-commerce infrastructure and strategic use of our digital platforms we will feed into a 360° review of Edinburgh Bus Tours' five-star visitor experience, with the objective that from the initial point of visitor research into their visit to Scotland's Capital through to the point that they purchase tour tickets, experience the tours and share photos/memories/reviews with family friends online.

Bus2020

Bus2020

We want to maintain an industry leading fleet that meets patronage growth objectives, customer quality and environmental expectations while exceeding all safety and regulatory requirements.

Lothian Buses recognises its impact on the environment and will monitor this as it continues to invest in the fleet.

The key facts

66% of the fleet is Euro 5 or above

annual carbon footprint of **57,000 tonnes**

We will purchase **266** new low emission vehicles

We will dispose of around **250** buses which do not meet the target

Bus2020 will see the Lothian Buses fleet at **100%** Euro 5 or above

It is critical to improve the current operating fleet's average age profile as this brings with it the control of costs around ongoing annual maintenance and roadworthiness. In addition maintaining a fleet with an optimum average age profile ensures that we continue to keep abreast of technological changes and innovations.

From a customer perspective the need to invest in fleet is paramount.

Customer expectations around the journey experience continue to increase year on year and using a bus is now far more than just making a journey. It encapsulates many other things such as the choice of green technology ensuring they are supporting a climate change, convenience items such as USB charging, Wi-Fi and many more, all of which influence a customer when making a travel choice.

The market leading standards of our fleet will be maintained through an effective fleet replacement strategy from 2017 through to Bus2020.

Our vehicles will comply with the Climate Change (Scotland) Act 2009, to reduce Greenhouse Gas emissions by 42% by 2020. Currently, 66% of the fleet is Euro 5 or above with an annual carbon footprint of 57,000 tonnes.

In order to meet these emissions targets, Lothian Buses will purchase 266 new low emission vehicles and dispose of around 250 buses which do not meet the target.

With the Bus2020 vision achieved we will see :

51% saving in emissions

over **4.4 million litres** of diesel saved

over **11,600 tonnes** of corresponding CO2 saved

Other harmful emissions will also be **substantially reduced**

Bus2020 will see the Lothian Buses fleet at 100% Euro 5 or above as we continue along this journey.

With the Bus2020 vision achieved we will see a 51% saving in emissions, with over 4.4 million litres of diesel and 11,600 tonnes of corresponding CO2 saved. Other harmful emissions will also be substantially reduced including approximately 252 tonnes of Nitrous Oxides and 1.5 tonnes of Particulate Matter.

Environment

We must fulfil government and shareholder environmental expectations with regard to fleet, network operations and wider company policies.

In addition Lothian Buses recognises its responsibility to the wider environment to manage its internal environmental impact. The use of resources within the company have continued to increase and measures must be implemented to reduce waste, energy and water usage.

The measures planned over the next 3 years include:

A target to reduce waste by 25% by 2020 will aim to save 232 tonnes of waste. Looking at procurement policies and strategies, IT practices and the removal of unnecessary waste, amongst others, will support in achieving this.

With a stringent 'switch it off' policy, ongoing lighting replacement programmes, implementing smart meters and upgrading heating systems, we can begin working towards a 15% reduction in electricity and gas usage respectively by 2020.

By implementing smart meters and reviewing practices and efficiencies, we will look to reduce water usage by 15% by 2020, saving 10 million litres.

The implementation of a formal Environmental Management System, ISO 14001:2015, alongside an environmental awareness team would increase environmental awareness by facilitating better communication and support in the introduction of procedures for best practice and legal compliance.

> *Lothian Buses **recognises** its **responsibility to the wider environment** to manage its **internal environmental impact**. The use of resources within the company have continued to increase and measures must be implemented to **reduce waste, energy and water usage.***

Lothian Buses

Property

We must maintain a property portfolio that is fit for purpose in regard to the operational requirements of the business.

With the assistance of East Lothian Council we are developing a medium term strategy that sits within this plan to acquire land and or property which will accommodate approximately 400 vehicles thereby allowing us to consolidate our position in the east of the city giving rise to additional operational and overhead efficiencies.

Equally we will continue to review our operating depots within the city boundaries and the efficencies they bring to our operating business as well as the impact on the local communities in which they are sited and which they serve.

Social dividend

The Company undertakes a wide range of Corporate Social Responsibility (CSR) activities, where we monitor our actions and ensure we comply with the spirit of the law, prevailing ethical standards and national norms, and further looking at the social needs of the people of Edinburgh and the Lothians going beyond the business interests of Lothian Buses.

The aim is to increase shareholder and stakeholder trust and to reduce business and legal risk by taking responsibility for our actions.

In addition we make business decisions which directly negatively affect our profitability, and are therefore not in our commercial interests; we make these decisions because it is embedded in our business ethos, visions and values that we serve our customers and support the economic and social imperatives of our shareholders in the councils of Edinburgh, East Lothian, Midlothian and West Lothian. These decisions deliver what we call the "Social Dividend".

Examples of the Social Dividend include:

>> Maintaining scheduled bus services where the frequency and/or the route are not profitable nor have any prospect of becoming so. This includes night time services which provide safe and secure transport for relatively low passenger numbers.

>> Contributing to or bearing the full cost of services such as real time and bus stop information, and other transport services and initiatives, which deliver no profitability to Lothian Buses but are a public service.

>> We manage, clean and maintain four out of the five park and ride facilities around the city, in support of delivering a sustainable and inclusive transport infrastructure and to ease city congestion.

>> Providing a financial subsidy to concessionary fares which goes beyond the rebate available through central funds and directly reduces profitability.

>> The provision of a telephone travel helpline, the Lothian Buses travel shops which include handling calls and customer services for our sister company Edinburgh Trams.

>> Providing Bus Stop information throughout our entire operating area and the hosting, accommodation and technical facilities for the City Of Edinburgh CCTV system and its staff, which relate to a wider travel and social infrastructure well beyond the Lothian Buses operation.

>> Ongoing expansion of the existing bus operating network, even where this is not immediately profitable, into new areas in support of the wider travel to work strategies that help deliver economic growth to the shareholding council areas.

We remain wholly committed to the long term provision of a social dividend, but recognise that the fiscal value and sustainability are directly related to our ability to generate profits from the business as a whole, and will be impacted by any exceptional dividend requests made by our shareholders.

Technology

ETM Estate

The existing ETM estate is rapidly approaching life expiry and the project to replace them is a high priority. Our 15 year old proprietary smartcard system (Ridacard) which is currently tied to our hardware supplier, Parkeon, is no longer as nimble as other emerging options and can only be developed using next generation solutions.

A new ticketing system will be delivered and implemented during 2017.

Adoption of Cash Replacement Payment Methods

The future of methods of payment beyond a dedicated transport smartcard product is tied into the broader topic of payments as a whole, and is likely to be driven by the requirements of the retail, rather than public transport, industry.

Whilst this market is difficult to predict, it is highly likely that any new payment methods adopted to replace cash payments will require additional investment in not only the on bus hardware, but more significantly in the back office systems which support it.

Usage of products and services hosted externally to Lothian Buses continue to increase and will be accessed online.

Information Technology Infrastructure

As a business we generate enormous amounts of data, including extensive CCTV footage. We will be developing our content management and transmission systems to maximise the efficiency and minimise the cost.

Over the next three years as well as the normal upgrade and version control pattern there will be a strong emphasis on the following strategic priorities:

Business continuity
Security & compliance
Virtualisation
Infrastructure core network

Business as usual Investment will continue in the following areas:

Firewall enhancement
Threat monitoring
Staff training & education
PCI compliance
Device control
Vulnerability management

Real time passenger information

Our Real Time Passenger Information (RTPI) which is delivered and supported by the supplier INEO, was originally a joint collaboration between CEC and LB.

The hardware platform in its current form will no longer be supported during 2017 with bus equipment in particular entering legacy status.

For well over a decade RTPI has transformed the way Lothian Buses is able to operationally monitor and manage its services.

Lothian Buses is able to:

» Provide real time departure information to passengers,

» Analyse data upon which to inform Network Planning decisions to enhance and expand its network and provide the company, its employees and customers with the necessary tools to offer a wholly reliable public transport service.

This system feeds multiple 'Bus Tracker' signs across the city and beyond but also supplies data to both our heavily used and trusted journey planning app and provides valuable Automatic Vehicle Location (AVL) information essential to monitor and manage reliability across our fleet.

Lothian Buses believes that allowing this to become redundant for the customer and business cannot be allowed to happen, precipitating a backward step thus is therefore determined to proceed with seeking replacement during the lifetime of this plan.

Lothian Buses propose to take control of the on street Bus Tracker signs from the City of Edinburgh Council as this would align with the current Lothian Buses management of the customer information and infrastructure throughout the city.

There is both and initial hardware replacement cost and ongoing annual cost attributable to this and it is therefore built into the financial modelling of the plan to fund this.

Lothian Buses would commit going forward to the maintenance of this system and the continued expansion of this, something that has not been developed since its initial inception, thus ensuring connectivity across the whole city and maintaining the customer experience and supporting ongoing modal shift.

Wifi

Fleet wide Wi-Fi has been in place since December 2014 providing customers with a free internet service. Funding for the project was provided by the CEC Connected Capital Programme which gave capital and operating costs for 2 years. Due to higher than expected demand, over 3 million unique devices have connected over 19 million times, and a change in storage and consumption with the modal shift to cloud computing and streaming services operating expenditure has surpassed budgeted amounts.

Lothian Buses - meeting shareholder aspirations

Lothian Buses were asked by City of Edinburgh Council to meet a series of key shareholder aspirations as detailed below with according responses.

» Ensure the continued delivery of a reliable and convenient, daily, Lothian Buses network in Edinburgh and the Lothians (including Sundays)

This is paramount not only in our vision and planning but also in our day to day operations, to ensure that we are a safe, compliant and reliable business every day to protect against business risk. ✓

» Ensure that people with the widest possible range of incomes and abilities are able to use Lothian Buses to move around Edinburgh and the Lothians

Our continuing best value fares strategy ensures transport is available to all, along with ongoing development in the provision of accessibility enhancements to our vehicles. ✓

» Further reduce noxious emissions from the fleet - focusing on reductions in emissions within the city's Air Quality Management Areas.

This is being achieved by continuing the fleet investment profile going forward integral to the plan, deploying low emission vehicles into AQM's on a targeted basis. ✓

» Consider how Lothian Buses can reduce other wider impacts on key city centre streets, particularly Princes Street and George Street. We are seeking to achieve improved public realm and better pedestrian (and cycling) conditions and we would like to see consideration of bus numbers/routing and stop dwell times to help deliver these outcomes.

This is continuously being looked at as part of our service planning strategy and will continue to be so during the length of the plan, we believe incorporating the bus or any mode of transport into the public realm and the retail environment in the future is critical so that they blend together seamlessly. ✓

» Support TfE to improve integration and interchange. Including, but not exclusively, proposals to improve integration between bus and tram and also between public transport modes. We would like to see examination of the potential for adapting the Lothian Buses network to integrate as fully as possible with the Tram in order to help further objectives (e.g. reduced emissions, reduced impact of buses on city centre streets)

As demonstrated in the plan bus and tram are complementary products and not inclusive products. Ongoing development in the West of Edinburgh and West Lothian gives an opportunity for network development and at best value for the customer and the business by using tram as a platform for providing the total transport solution when mixed with bus. The key issue here is to get people out of private cars and onto public transport. ✓

Lothian Buses

>> Reduce bus journey times, primarily through faster, smarter ticketing, although we would also welcome wider network management proposals

As part of the plan we will deliver smart ticketing to the city along with contactless payment methods, work is well underway for this to happen in 2017, ongoing ticketing technologies will continue to be evaluated and developed with the intention of reducing boarding times thus delivering efficiency and improving customer experience.

✓

>> Set out how a £20m extraordinary dividend could be provided, in addition to the expected £6 million annual dividend, from the Lothian Buses' financial model for the 2017-2020 plan period.

The delivery of any additional dividend puts at risk the successful Lothian Buses 'model'.

The dividend paid has increased over the past 15 years in line with increases in revenue. We have and will continue to look at our model in depth to drive efficiencies and revenue gains.

Committing to pay any dividend over and above that currently paid comes with risk and a requirement for finite deliverables to be placed on all parties and stakeholders.

✓

What are the critical requirements of the City of Edinburgh Council for the plan to succeed?

>> to maintain existing bus priority

>> to implement new bus priority measures, greenways, gating, traffic light controls

>> to enforce parking restrictions and controls

>> to review hours of operations of bus priority

>> to ensure that the bus is integral to urban realm planning

>> to ensure that the bus is integral to all planning and developments with appropriate section 75 funding to kick start new services

>> to ensure a solid and consistent partnership approach to public transport

Lothian Buses

Critical dependencies for ongoing dividend delivery

>> revenue growth assumed at 1% per annum must be achieved or exceeded

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>> fare increases in line with prior year pattern

>> the requirement for the City to deliver on bus priority measures outlined

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>> the requirement on the City to reduce congestion

>> the requirement on the City to speed up journey times

>> there has to be a cohesive plan agreed with the City around timelines and delivery of bus priority improvements in order to ensure the delivery of any dividend at all

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>> a detailed plan, timescales and outputs needs to be agreed no later than the end of Q1 2017 with the City that is monitored and updated through the length of the operational plan

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>> worsening business performance due to road conditions deteriorating further will put any dividend delivery at risk