



Your ref: TPL/01

Our ref:

Mr Mike Davey
Inquiry Coordinator
The Competition Commission
Victoria House
Southampton Row
London WC1 4AD

London Buses

Performance

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31 August 2004

Dear Mr Davey,

The Anticipated acquisition by Arriva PLC of Sovereign Bus and Coach Co Ltd in Hertfordshire

Thank you for your letter of 12th August.

Arriva has two subsidiaries that are based in Hertfordshire. Combined, they operate 9 routes under contract to London Bus Services Limited (LBSL) as shown in Appendix 1 from three operating bases, with a market share for the LBSL London market of 0.8%. The number of tenders received the last time each of those routes was tendered is also shown.

The remaining operations of Sovereign Bus and Coach Ltd in Hertfordshire do not operate any services under contract to LBSL, and due to the location of their current operating territory and bases it is unlikely that they would be interested in doing so. The London subsidiary of Sovereign's parent company was sold to Transdev PLC in November 2002.

LBSL does not believe that there will be any reduction to competition or direct effect on prices for its contracted routes due to the proposed acquisition.

Over the last few years, there has been some consolidation within the London market as some companies have been absorbed into the large bus groups,

London Bus Services Limited
trading as London Buses whose
registered office is as above.

Registered in England and Wales,
Company number 3914787

VAT number 756 2770 08

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company controlled by a local
authority within the meaning of
Part V Local Government and
Housing Act 1989. The controlling
authority is Transport for London

some have decided to withdraw from the market and others have ceased to trade. However, at the same time there have been new entrants to the market, some of whom have been awarded contracts, whilst others are actively submitting tenders.

LBSL encourages its contractors to provide a high quality of service. The amount contractors are paid reflects the quality of service they provide and LBSL needs to be confident that tenderers are capable of managing those risks. LBSL is keen to develop competition for our contracts, and is taking positive action to ensure competition is maintained.

If you require any further information please contact me.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Clare Kavanagh', written in a cursive style.

Clare Kavanagh
Performance Director

Appendix 1 -

LBSL contracts operated by Arriva subsidiaries based in Hertfordshire

Subsidiary	Route	Peak Vehicle requirement	Number of bids received when last tendered
Arriva (The Shires) Limited	340	7	4
Arriva (The Shires) Limited	H18	3	4
Arriva (The Shires) Limited	142	15	3
Arriva (The Shires) Limited	U9	3	3
Arriva East Herts & Essex Ltd	397	4	2
Arriva East Herts & Essex Ltd	W14	8	2
Arriva East Herts & Essex Ltd	W13	6	3
Arriva East Herts & Essex Ltd	327	1	1
Arriva East Herts & Essex Ltd	549	2	3