CAMBRIDGESHIRE
& PETERBOROUGH
COMBINED AUTHORITY

BUS FRANCHISING CONSULTATION – CONSULTATION SUMMARY

BUS FRANCHISING CONSULTATION

Buses are the most used form of public transport in Cambridgeshire and Peterborough, with over 24 million journeys made by bus each year. Despite the Combined Authority's spending on bus services rising by over 25% since 2019/20 the current network is not fit for purpose.

We recognise just how important buses are, which is why we believe the way the region's buses are run needs to change.

Since 1986, bus services in England have been deregulated. This means that buses are mainly run by private operators. Private bus operators have control over their routes, timetables, ticket options, fares and frequency of buses.

We want to address the current challenges, which include the performance of local bus services. Doing nothing is not an option, as this would result in a decline of the network and negatively impact our communities.

This situation is unsustainable: our region needs a better bus service offering better value for public funds. To achieve this a choice must be made between two models: the proposed Franchising model or an Enhanced Partnership. If the Combined Authority is to receive central Government funding in the future it needs to make this choice.

PROPOSED FRANCHISING MODEL

Under the proposed Franchising model, the Combined Authority would plan bus services, setting routes, frequencies and fares. Private bus operators would no longer be able to independently decide to withdraw services. Instead, operators would bid to run services under franchise contracts, with the Combined Authority overseeing the process and monitoring operations.

ENHANCED PARTNERSHIP

An Enhanced Partnership is a different model where private bus operators and local authorities negotiate a legally binding plan with shared goals. They commit to improving local bus services together. In this model, as with franchising, bus services remain privately-owned and operated, however, in contrast to franchising, with operators retaining fare revenues and decision-making authority.

Both the proposed Franchising Model and Enhanced Partnership have been assessed by independent transport consultants on strategic, economic, commercial, financial, management and equality grounds.

Here are their findings:

THE STRATEGIC CASE

By 2030, CPCA aims to double bus use and reduce car miles by 15%. To do this the Combined Authority has set objectives including improving the bus service quickly and getting better value for money.

Strategic Case Enhanced Partnership and Franchising Comparisons

ENHANCED PARTNERSHIP	FRANCHISING
Control supported services only; some influence over wider network (such as evenly spreading departure times)	Control all services – routes, frequencies, route numbers
Negotiate standards for services/vehicles	Set standards for services/ vehicles
Network branding negotiated, continued recognition of individual operators	Network branding mandated. Common livery/branding
Set fares on supported services only and opportunities for targeted discounts	Set fares across all services and general fares discounts
Negotiate multi-operator ticketing	Multi-operator ticketing and single product range

ENHANCED PARTNERSHIP	FRANCHISING
No cross-subsidy between services	Profitable services can cross-subsidise others
Potential to hold operators to account for not meeting requirements	Hold operators to account for not meeting requirements
Partnership/negotiated approach to management of network	Centralised approach to planning and management of network
Shared responsibilities and resourcing	Increased responsibility and resourcing for Local Transport Authority

In summary, Franchising offers greater control and stability, as well as the ability to enforce an integrated service, although it demands more resources. The Enhanced Partnership allows phased changes as agreements are reached.

The Independent Assessment concludes that Franchising provides more advantages than an Enhanced Partnership, especially in achieving long-term goals.

THE ECONOMIC CASE

The Economic Case compares benefits and costs over 30 years, focusing on passengers, bus operators, the Combined Authority, and wider society. Improvements are identified in relation to network operations, fares and ticketing, and customer experience.

The results show that both models create social, environmental, and economic benefits Although Franchising allows the Combined Authority more control over the bus network and delivers a higher performance for the Combined Authority in key value for money metrics like Net Present Value (NPV) and Benefit to Cost Ratio (BCR), making it the stronger option.

The Independent Assessment concludes that while both offer value, Franchising provides slightly better economic benefits and represents better value for money.

THE COMMERCIAL CASE

The current bus market is deregulated, with private operators controlling most aspects. Under Franchising, operators would bid for contracts managed by the Combined Authority. This approach would allow better control and provide opportunities for both large and small operators to enter the market. Contracts would be procured in phases, starting in 2025–26. Overall, Franchising comes with higher risks and requires significant resources. In contrast, Enhanced Partnership means the current commercial model stays the same with some negotiated improvements.

THE FINANCIAL CASE

The Financial Case focuses on cashflows, affordability, and financial risk. Both models require higher costs than the current situation, with investments in bus network improvements over a 30-year period.

To introduce Franchising there would be additional costs for bus depots in Peterborough and Cambridge and an increase in staffing and system capabilities. Both options would need additional financial support for network improvements, but this should eventually increase bus usage and therefore revenue from fares.

The Independent Assessment concludes that while both options are affordable, Franchising offers greater benefit through more improvements but comes with increased financial risk due to the Combined Authority taking on more responsibility for fare revenue.

THE MANAGERIAL CASE

Franchising demands greater resources, skills, and responsibilities, including network design, revenue risk management and customer relations. The Authority's Public Transport Team would need to expand, adding up to 15 posts and transition to Franchising could take three years. The Enhanced Partnership option also requires additional staff and involves managing negotiations with operators. While easier and quicker to implement, Enhanced Partnership relies on operator agreements, with negotiations potentially stalling progress.

The Independent Assessment concludes that both options carry risks, but Franchising offers better control and a more seamless network, albeit with greater complexity and more required resources.

EQUALITY IMPACT ASSESSMENT

The Combined Authority, under the Equality Act 2010, must eliminate discrimination, advance equality, and foster good relations. An Equality Impact Assessment (EqIA) was conducted to evaluate the Proposed Franchising Scheme's effects on groups with protected characteristics:

- Age (especially younger and older people)
- Disability (people with physical and sensory impairments)
- Gender reassignment
- Sex (particularly women)
- Pregnancy and maternity
- Race (ethnicity)
- Religion and belief
- Sexual orientation

This Assessment found positive impacts on older and disabled people, women, and others due to improved customer consistency, accessibility, safety, and ticket pricing. The control offered by Franchising could also address issues like safety on buses and interchange difficulties.

Have your say by scanning the QR code and filling out our questionnaire. The consultation will run from 14 August to 20 November 2024.

cpca-yourvoice.co.uk

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