

## **Bus reform**

**Have your say on how buses are run in Cambridgeshire and Peterborough**

**Consultation document**

**This consultation runs from 14 August to 20 November 2024**

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# 1. Introduction

- 1.1 Cambridgeshire and Peterborough Combined Authority believes it needs to change the way local buses are run to achieve its ambitions for better buses across the area.
- 1.2 Buses play a vital role in Cambridgeshire and Peterborough, getting people to places, connecting our communities, and supporting our economy. But evidence suggests that passengers face many challenges, resulting in fewer people choosing to travel by bus and a desire for improvements. The way that buses run now, where private companies decide where and how often to run buses, gives the Combined Authority limited ability to change things.
- 1.3 We think franchising is the best way to achieve the change needed, and we would like your views on what we are proposing. This document gives you details about our proposals and how you can get involved and have your say. The consultation runs from 14 August to 20 November 2024.

## About the Mayor of Cambridgeshire and Peterborough

- 1.4 The Mayor, Nik Johnson, is directly elected by the people of Cambridgeshire and Peterborough and is the Chair of the Combined Authority. The Mayor has specific powers and functions which were transferred from central Government as part of the region's devolution deal, with some of these relating to transport. The Mayor has the power under the Transport Act 2000, as amended by the Bus Services Act (the Act), to decide on whether to introduce the Proposed Franchising Scheme.

## About Cambridgeshire and Peterborough Combined Authority

- 1.5 Cambridgeshire and Peterborough Combined Authority brings together the local authorities of Cambridgeshire, Peterborough, Fenland, East Cambridgeshire, South Cambridgeshire, Cambridge, and Huntingdonshire. Working in partnership, we develop and deliver policies, programmes and services which directly benefit the people of Cambridgeshire and Peterborough.
- 1.6 The Combined Authority (CA) already subsidises some of the bus services across the area, manages the concessionary travel scheme, providing free travel for older and disabled people, and the Tiger pass that gives £1 travel for young people, and is responsible for bus stop improvements.

## Consultation Document overview

- 1.7 The Combined Authority believes that the way local buses are run needs to change to improve the local bus system for our communities that rely on it. This document explains why the Combined Authority recommends bus franchising as the way to do this, based on its assessment of the Proposed Franchising Scheme.

- 1.8 Introducing franchising means that buses in the region would be under the control of the Combined Authority. That means we would set the routes, frequency, fares and overall standards of buses in our region. This document sets out our plan for franchising in Cambridgeshire and Peterborough (the Proposed Franchising Scheme) and how this could be introduced. It also explores an alternative option we assessed, an Enhanced Partnership, which details what else the Combined Authority and bus operators could do to improve local buses through the current legal framework.
- 1.9 The Combined Authority wants to hear views on these proposals from residents, organisations and businesses across the region.
- 1.10 The consultation runs from 14 August to 20 November 2024.

### What is covered by this consultation?

- 1.11 This is a formal consultation as required by the Transport Act 2000 as amended by the Bus Services Act 2017 ('the Act') and has been prepared in accordance with the Act and the supporting Bus Services Act 2017: Franchising Scheme Guidance ('the Guidance'). It will inform a decision by the Mayor of Cambridgeshire and Peterborough on whether or not to introduce the Proposed Franchising Scheme or an Enhanced Partnership. This Consultation Document summarises (in both a short and long summary) the Bus Reform Assessment (the Assessment) prepared by the Combined Authority in accordance with section 123B of the Act (see section 4.8 and 7 of the Act) and includes the Combined Authority's Proposed Franchising Scheme which is compared against how buses would otherwise operate under an Enhanced Partnership in current conditions.
- 1.12 This Consultation Document includes questions about the Assessment and the contents of the Proposed Franchising Scheme itself.
- 1.13 This consultation is not intended to capture views about specific operational bus issues such as reliability, frequency or requests for new routes. Any such general bus feedback, queries or complaints, can be made through the Combined Authority's website at <https://transport.cambridgeshirepeterborough-ca.gov.uk/contact-us/> Alternatively, you can contact bus operators directly – details can be found at: <https://cambridgeshirepeterborough-ca.gov.uk/what-we-deliver/transport/buses/bus-support/>

### Legal requirements

- 1.14 Section 123E of the Act explains what the Combined Authority must include as part of its Consultation Document. The following table sets out these requirements and where they can be found within this document.

*Table 1-1: Summary of section references for legal requirements*

Legal requirements that should be included within this Consultation Document	Consultation Document section reference
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A summary of the Assessment of the Proposed Franchising Scheme.	Section 6 Shorter Summary Section 7 Longer Summary
The area in which the Proposed Franchising Scheme would operate, and any sub-areas.	Section 5 and Appendix 5 Proposed Franchising Scheme
A description of the franchised services that the Combined Authority proposes to provide.	Section 5 and Appendix 5 Proposed Franchising Scheme
A description of any services, or types of service, that the Combined Authority proposes to exempt from regulation arising because of the Franchising Scheme.	Section 5 and Appendix 5 Proposed Franchising Scheme
The date on which the Combined Authority proposes to make the franchising scheme, together with the first date or dates by which the Combined Authority proposes to enter into contracts with operators to provide franchised services.	Section 5 and Appendix 5 Proposed Franchising Scheme
The period or periods that it is proposed will expire between the Combined Authority entering into a contract, and services starting to be operated under that contract.	Appendix 5 Proposed Franchising Scheme
A description of the Combined Authority's proposed plans for consulting throughout the life of the Franchising Scheme to seek views on how well the scheme is working.	Section 5 and Appendix 5 Proposed Franchising Scheme
A statement of how in conducting the procurement process, the Combined Authority proposes to facilitate involvement of small and medium sized operators in the provision of franchised services.	Section 5 (paragraph 5.3) and Section 7 (paragraphs 7.163 – 7.170)
The date by which responses to the consultation must be received.	Paragraphs 1.10 and 1.18

1.15 The Act can be viewed at: [Bus Services Act 2017 \(legislation.gov.uk\)](https://www.legislation.gov.uk/ukpga/2017/17)

1.16 The Guidance can be viewed at: [Setting up a bus franchising scheme - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/setting-up-a-bus-franchising-scheme)

## About the consultation

1.17 This section explains who can take part, how to respond, the consultation questions, where to find more information and information on accessibility.

1.18 The deadline for responses is 20 November 2024. If you want to have your say, please make sure you respond before this date.

### Who can take part?

1.19 This consultation is open to all individuals or organisations. We want your views, whether you currently use the bus or not. You can answer as a member of the public or in an official capacity, for example as a Member of Parliament, statutory consultee or business representative.



- 1.20 Please be aware that if you are answering in an official capacity your response will be published. Decision makers will have access to all responses during and following the close of the consultation period. Responses from members of the public will remain anonymous.

### How do I respond?

- 1.21 The consultation is open between 14 August and 20 November 2024.
- 1.22 We are seeking your feedback on the Assessment and the Proposed Franchising Scheme and suggest two steps:
- Step 1: Read the information in this Consultation Document.
- Step 2: Tell us what you think by completing the questionnaire or alternatively sending us your response by email or letter.
- 1.23 Please note that responses that do not fall within the scope of the consultation will be considered, but only included in the consultation analysis to the extent that it is considered relevant to do so.

### Consultation questions

- 1.24 There are two versions of the consultation questionnaire – a shorter version and a longer version. You are welcome to fill out whichever questionnaire you wish - you don't have to answer all questions. Both versions of the questionnaire are available in **Appendix 1**.
- 1.25 The short version contains 10 questions that are set out within Section 6 (Shorter Summary). These are focused on the main areas discussed in this Consultation Document. If you choose to answer this questionnaire, you should find all the relevant information in the Shorter Summary and you will not need to read the whole document.
- 1.26 The long version contains 31 questions, which are set out throughout the Longer Summary found within Section 7. The full lists of questions in both summaries are provided in **Appendix 1**. The long version may be more appropriate for respondents who have a good level of knowledge and interest in the bus market as it contains more questions, some of which are more complex. If you are responding to this questionnaire, you may wish to refer to the full Assessment document as well as the Longer Summary.
- 1.27 The questions for this consultation have been prepared around the requirements of the Act. The responses will be processed and analysed by the Combined Authority and shared with Walnut Unlimited and Westco Communications Ltd. You can view the relevant privacy policies at: <https://cpca-yourvoice.co.uk.co.uk/wp-content/uploads/2024/08/Privacy-notice.pdf>

### Where do I get more information?

- 1.28 The consultation details the Assessment, Proposed Franchising Scheme, and the Equality Impact Assessment, all of which can be read in full at <https://cpca-yourvoice.co.uk/bus-franchising-consultation/>

- 1.29 This document includes all the information you need to answer the consultation questions. Further information can be found in the appendices:

**Appendix 1** – Consultation questions – short and long versions

**Appendix 2** – Locations where you can see the Consultation Document

**Appendix 3** – Independent Auditor’s assurance report

**Appendix 4** – Combined Authority’s response to the Observations of the Independent Auditor

**Appendix 5** – Proposed Franchising Scheme

**Appendix 6** – Equality Impact Assessment

## Accessibility and contact information

- 1.30 If you have any questions, need to respond in a different way, or require consultation materials in a different format, you can get in touch with us by:

Email: [consultations@cambridgeshirepeterborough-ca.gov.uk](mailto:consultations@cambridgeshirepeterborough-ca.gov.uk)

Telephone: 01480 277180

Post: Cambridgeshire & Peterborough Combined Authority, Bus Franchising Consultation

2nd Floor, Pathfinder House, St Mary's Street, Huntingdon, Cambs, PE29 3TN

## What happens next?

- 1.31 All responses will be received and processed by the Combined Authority and analysed as part of the consultation process. A consultation report will be prepared, setting out the findings.
- 1.32 Once the consultation report of findings has been considered by the Combined Authority and the Mayor, the Combined Authority will publish a report setting out its response to the consultation and the Mayor’s decision on whether to make the Proposed Franchising Scheme, as required by the Act.
- 1.33 The proposed decision date is currently Wednesday 22<sup>nd</sup> January 2025. However, this date may be subject to change depending on the progress and outcome of the consultation, as well as other matters relating to the Combined Authority’s business.
- 1.34 Once the consultation closes, the Act allows the Combined Authority to make changes to the Proposed Franchising Scheme. This could mean that modifications that reflect more recent changes in the area’s buses (including the bus network) or changes which reflect consultation responses are made to the Proposed Franchising Scheme.

## 2. How buses are run now

- 2.1 Buses are the most used form of public transport in Cambridgeshire and Peterborough, with over 24 million bus journeys taken in 2022/23.<sup>1</sup> However, passenger journeys have been in long term decline and the bus industry faces many challenges.
- 2.2 Since 1986, bus services in England have been deregulated, except in London since 1984 and Greater Manchester since September 2023. This means that buses are mainly run by private operators.
- 2.3 In Cambridgeshire and Peterborough, there are a number of different bus operators. About 88% of bus mileage is operated on a commercial basis by operators, where they have control over their routes, timetables, ticket options, fares, frequency and service standards. Bus operators receive the revenue from passenger fares. They retain the profits and have the commercial independence to decide how to reinvest this to support the ongoing running of buses. Bus operators own or lease their own vehicles and depots and are responsible for hiring drivers and ensuring bus services run on a day-to-day basis.
- 2.4 Bus operators are responsible for registering bus services with the Traffic Commissioner, who also grants licences to operators to run buses. The Traffic Commissioner has enforcement powers to take action against bus operators that pose a road safety risk or are not running reliable or punctual registered bus services.
- 2.5 The Combined Authority supports local bus services in various ways:
  - Paying for socially necessary bus services, which would otherwise not be provided by bus operators.
  - Being responsible for managing the free bus pass scheme for older and disabled people (concessionary fares), as part of the English National Concessionary Travel Scheme.
  - Providing Tiger pass £1 fare for young people.
  - Providing real time information displays and helping to promote the use of buses generally.
  - Working with national government to secure new funding for investment in local buses and other projects to encourage more people to travel by bus.
- 2.6 Bus operators, the Combined Authority and local highway authorities currently work together to try to improve local buses.
- 2.7 In alignment with the "Bus Back Better: National Bus Strategy for England" introduced in 2021, the Combined Authority has developed a comprehensive Bus Services Improvement Plan (BSIP). Additionally, a Cambridgeshire and Peterborough Bus Strategy was adopted in 2023, seeking a significant step towards improving bus services across the region. This strategic approach shows our commitment to revitalising public transport, aiming to meet the evolving needs of our communities while fostering sustainable and efficient bus operations.

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<sup>1</sup> Department for Transport Bus Statistics Table BUS01e

## 3. Overview

- 3.1 The Transport Act 2000 as amended by the Bus Services Act 2017 (the Act), gives Mayoral Combined Authorities powers to reform their bus markets. Greater Manchester Combined Authority is already introducing franchising and the Mayors for the Liverpool City Region Combined Authority and West Yorkshire Combined Authority have made the decision to do so too.
- 3.2 Cambridgeshire and Peterborough Combined Authority has prepared its Bus Reform Assessment (the Assessment) and has considered two options to reform the way buses are run – a Proposed Franchising Scheme and an Enhanced Partnership Scheme.
- 3.3 This Consultation Document summarises the main elements of the Assessment of the Proposed Franchising Scheme, which the Combined Authority has prepared in accordance with section 123B of the Act.
- 3.4 The Assessment:
  - Describes the effects the Proposed Franchising Scheme could have.
  - Compares the Proposed Franchising Scheme to an Enhanced Partnership (EP).
  - Considers whether the Proposed Franchising Scheme would contribute to the Combined Authority's policies (and those of neighbouring authorities).
  - Considers how the Combined Authority would make and operate the Proposed Franchising Scheme.
  - Considers whether the Combined Authority would be able to afford to make and operate the Scheme.
  - Considers whether the Proposed Franchising Scheme offers value for money for the public sector.
  - Considers how the Combined Authority would seek to secure the provision of bus services under the Proposed Franchising Scheme through local service contracts (franchise contracts).

## 4. Introduction to the Assessment

- 4.1 This section sets out definitions and details of the Assessment.

### What is bus reform?

- 4.2 Bus reform is the process of changing the way that buses are planned and operated, with the aim of improving services and the passenger experience, for the general benefit of the people of Cambridgeshire and Peterborough. The Act sets out the statutory powers that are available to the Combined Authority to reform buses, which includes establishing Enhanced Partnerships and Franchising. These different options are described in more detail in the following sections.
- 4.3 The Combined Authority has been exploring bus reform over recent years, in line with the required legal processes.

### What is Franchising?

- 4.4 Franchising is a legal model where buses are under the control of a local authority, such as Cambridgeshire and Peterborough Combined Authority. The franchising model has been in operation in London since 1984 with Transport for London and was introduced in Greater Manchester in September 2023.
- 4.5 Under franchising, the Combined Authority would set the routes, frequency, fares and overall standards of buses across Cambridgeshire and Peterborough. The existing bus operator-led market would be replaced, with private bus operators no longer able to independently decide which services to run or to cancel. Instead, bus services would be planned by the Combined Authority and operated under franchise contracts, where bus operators would bid to run the services through a competitive procurement process managed by the Combined Authority. The operation of franchised services would also be closely monitored by the Combined Authority.
- 4.6 The legal process required to move to Franchising from a deregulated, commercial market is set out in the Act. The final decision on whether to introduce Franchising is a power that sits with the Mayor, in consultation with the Combined Authority Board.

### What is an Enhanced Partnership?

- 4.7 An Enhanced Partnership (EP) is a legal model under which private bus operators and local authorities make a legally binding (statutory) plan and schemes which set out a shared vision and targets. They make specific commitments about how they will jointly improve local buses

to achieve these. Under an Enhanced Partnership, local bus services remain privately owned and operated ('deregulated') and bus operators continue to take revenue from fares and make independent decisions about how bus services are run.

- 4.8 The Act and related legislation specify the proportion of bus operators that have to agree to an Enhanced Partnership Plan and Scheme – and any associated obligations or commitments – before they can be made legally binding. However, once an Enhanced Partnership Plan and Scheme have been 'made', all local bus operators must comply. If they fail to meet the requirements set out, enforcement action can be taken against them, including the cancellation of the registration of a bus operator's services, which would then no longer be able to run. Under an EP, the Traffic Commissioner has the power to take enforcement action.
- 4.9 It is a requirement of National Government that all areas must have either a Franchising Scheme or Enhanced Partnership, in order to receive any funding for bus services. Therefore, if Franchising was not introduced by the Combined Authority, it would be necessary to put an Enhanced Partnership in place.

### Why do bus services need to be improved?

- 4.10 Buses play a vital role in Cambridgeshire and Peterborough, connecting our communities and helping to level up our economy. Over 24 million journeys are currently made by bus each year.<sup>2</sup> Despite playing such a key role, the number of people travelling by bus is in long-term decline, with bus trips falling from 33.7 million in 2009/10 to 30.3 million in 2018/19.<sup>3</sup> Bus usage was further impacted during the Covid-19 pandemic, and while there has been some recovery the trend of decline remains. Alongside declining use, the bus network is getting smaller, with the number of miles operated falling over time. The Combined Authority has also had to contribute more to the running of bus services. In 2019/20, total expenditure for public transport was £12.3 million. This rose to £15.6 million in 2023/24.
- 4.11 Improving buses is a key commitment for the Combined Authority as set out in the Cambridgeshire and Peterborough Local Transport and Connectivity Plan (LTCP) and the Bus Strategy. Buses help people reach health and leisure services, work and learning opportunities, and to see family and friends. Using the bus more for journeys is a simple way we can all help improve air quality and reduce harmful carbon emissions in our region by reducing the number of cars on our roads and easing congestion.
- 4.12 Our ambition recognises the importance of buses and the need for bus services across Cambridgeshire and Peterborough. This is explored further in the later section 'Strategic Case summary' from paragraph 6.4 onwards. The declining bus use and need for greater financial support from the public sector shows that the way buses are run now, where private bus operators have primary control over routes, frequencies, fares and standards of buses, is failing to deliver our ambitions for better buses in Cambridgeshire and Peterborough and

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<sup>2</sup> 24.3 million passenger journeys in 2022/23

<sup>3</sup> Department for Transport Bus Statistics Table BUS01e

needs to change in order to meet the needs of bus customers and achieve our strategic objectives.

## 5. Proposed Franchising Scheme

- 5.1 The following section introduces the Proposed Franchising Scheme, which is a draft document and the subject of this consultation. For the purposes of the Assessment, the Combined Authority had to define a Franchising Scheme to enable a comparison of Franchising against an Enhanced Partnership Scheme. For each of the two options, different levels of investment into bus services were considered.
- 5.2 The model of franchising envisaged is different from that found in London or the one recently introduced in Greater Manchester. Rather than controlling and managing all aspects and assuming all risks, the CA will look to share responsibilities and risks with operators, working collaboratively to define and design provision and incentivising operators to increase usage and benefit from increasing revenue. This approach is like models of franchising found elsewhere, such as in the Netherlands or Jersey, and is more appropriate to the needs of Cambridgeshire and Peterborough.
- 5.3 A copy of the Proposed Franchising Scheme can be found in Appendix 5. In summary, this would mean:
- Franchising would cover the whole of Cambridgeshire and Peterborough.
  - All local bus services would be contracted through franchising, other than services excepted from the Proposed Franchising Scheme and services subject to the Service Permit regime. Those services proposed to be franchised and proposed to be excepted are listed in the Annexes to the Proposed Franchising Scheme in Appendix 5.
  - The Proposed Franchising Scheme would be made once the decision to proceed with franchising has been taken, which is currently expected on 22 January 2025. However, this could be subject to change.
  - It is proposed that franchise contracts would be first entered into in 2026.
  - Service permits (allowing certain services to operate without being franchised) would be required for:
    - Cross-boundary services.
    - Services due to be franchised but still running as deregulated services during the transition period and which have not been exempted from the Franchising Scheme for that period.
    - Any other services which are identified by operators which do not adversely affect the franchised services, and which are not wholly exempted from the Proposed Franchising Scheme.
  - There would be a transition over 2-3 years before all bus services in Cambridgeshire and Peterborough were Franchised.
  - Bus operators would continue to be responsible for providing depots and suitable buses in line with the service specifications set out by the Combined Authority, with the Authority looking to also provide two additional depots – one in the Peterborough area and one in the Cambridge area.
  - Contracts would be procured in mixed-sized packages, to drive competition and to help small and medium sized bus operators compete for contracts.



## Scenarios

- 5.4 This Assessment started with six scenarios, considered at a strategic level, whereby two delivery models (Franchising and EP) were each assessed against three levels of investment – low, medium and high. Following an initial sifting exercise, two options were taken forward for fuller assessment, Franchising and an EP, both with a medium investment level.
- 5.5 The six scenarios were considered in terms of their general feasibility. In the case of low investment, there would be little purpose in Franchising, as it would increase costs and risks for the CA, without achieving the strategic benefits of network improvements. Therefore, this option has not been considered further. If low investment was the likely scenario, there would be a need to have at least an EP in place.
- 5.6 In the case of high-level investment, it is more likely that the CA would wish to exercise greater control over the deployment of funding to ensure delivery of its ambitions; this would rule out using an EP. However, at this time, it is unlikely that a high-level investment would be affordable, so that option was dismissed. Consequently, it was concluded that the most likely and practical scenarios were:
- Mid-level investment with an EP (around £10 million capital investment, plus £600,000 per annum for running costs, and additional bus service support starting at £7.5 million in the first year).
  - Mid-level investment with Franchising (around £41 million capital investment, plus £1.4 million per annum for running costs, and additional bus service support starting at £8.5 million in the first year).

## What would it cost the Combined Authority to introduce the Proposed Franchising Scheme?

- 5.7 A move to Franchising would require an initial, one-off investment by the Combined Authority estimated at £1.42 million over 3-4 years (transition cost). This would cover things like consultancy, legal and procurement fees. There would also be additional staff costs of £1 million per annum and IT costs of £0.5 million per annum.
- 5.8 Transition and management costs would not qualify for public sector borrowing and it is assumed that these are funded from the Combined Authority's reserves or other revenue funding sources. Beyond the initial costs to introduce franchising, funding sources for the ongoing delivery of the Proposed Franchising Scheme include:
- Farebox revenue – the money collected from fare paying passengers.
  - The Transport Levy – an existing fund made up of contributions from the constituent local authorities.
  - Mayoral Precept – funding raised through a charge on council taxpayers across the area of the Combined Authority.

- Government funding – this includes funding the Combined Authority gets to deliver our BSIP and zero emission bus funding.
- Bus Services Operator Grant – a government grant paid to operators of eligible bus services and community transport organisations to help them recover some of their fuel costs.

## 6. Shorter Summary of the Assessment

- 6.1 The requirements of the Assessment are set out by law and include information on the following:
- **Strategic Case** – explores why buses in Cambridgeshire and Peterborough need reform and whether the options considered (the Proposed Franchising Scheme and Enhanced Partnership) will help us achieve our ambitions for better buses.
  - **Economic Case** – considers the wider economic and social benefits of each option, and whether they offer value for money.
  - **Commercial Case** – explores what the commercial arrangements could be for each option and evaluates these against Commercial Objectives.
  - **Financial Case** – assesses whether the options are affordable based on the money available.
  - **Management Case** – considers the practical aspects of how the options would be delivered by the Combined Authority, including risks and resources required.
- 6.2 Each of these cases considers the implications of operating the bus network either under an Enhanced Partnership or Franchising. These have both been considered under a scenario of a medium level of investment. This means that it is assumed that some additional investment would be possible over and above what is currently being spent on the bus network.
- 6.3 The information included in this Shorter Summary should provide you with all the information you need to complete the short questionnaire. However, you may wish to read the full Assessment document, which is available to read at <https://cpca-yourvoice.co.uk/bus-franchising-consultation/>

### Strategic Case summary

#### Introduction

- 6.4 The Strategic Case sets out the reasons why bus reform is needed. It outlines the challenges with the way buses are currently run and assesses the Proposed Franchising Scheme and the Enhanced Partnership against bus reform objectives and whether the options will better deliver the ambitions set out in the Combined Authority's Bus Strategy.

#### Drivers for change

- 6.5 Buses play an important part in the transport system. However, the market has seen long-term decline in bus use and a reduction in the size of the bus network. More public sector funding has been necessary to maintain and develop services.
- 6.6 Current arrangements highlight a number of challenges:
- **Network improvements** – bus routes don't always go where and when people need or want them to. Some bus services are not financially viable without public sector funding.

- Fares and ticketing – each bus operator sets its own fares and ticket products, resulting in an overall confusing situation and the inability to use the same ticket for travel on different operators’ services.
- Bus fleets – the significant capital cost of low and zero emission buses is currently a barrier to fleet replacement, without public sector intervention.
- Customer experience – The user experience across the network varies and there is no single point of contact for customer information or feedback.
- Funding – the current focus is for services to be profitable, rather than on meeting wider social, economic and environmental objectives.

### Question S1

Do you have any comments generally on how well bus services are currently performing in Cambridgeshire and Peterborough?

### Objectives of bus reform

6.7 The Strategic Case highlights the need for change to achieve wider policy ambitions, including those set out in the Cambridgeshire and Peterborough Bus Strategy. In particular, there is a need for a step-change improvement in the bus network to help achieve targets to reduce car miles by 15% and to double bus use by 2030.

6.8 The objectives of bus reform are to:

- Maximise the ability of the Combined Authority to achieve a significantly enhanced and integrated bus network as quickly as possible.
- Maximise the contribution of bus services to the achievement of a range of wider economic, social and environmental policy objectives and goals.
- Maximise bus user benefits by co-ordinating services, integrated ticketing, service stability and how information is provided.
- Maximise the value for money and benefits from investment in the bus network.

6.9 In delivering these objectives, the overall vision of the Bus Strategy will be met:

***The Strategy’s vision is for a comprehensive network of bus services across Cambridgeshire and Peterborough that people find convenient, easy to use, reliable and good value for money, which is inclusive and offers a viable alternative to the car.***

### Bus reform options and Combined Authority influence

6.10 The National Bus Strategy 2021 set out a requirement for all Local Transport Authorities to have in place an Enhanced Partnership (other than Mayoral Combined Authorities that had already commenced the statutory process for considering franchising) to continue to access central government funding.

6.11 The Strategic Case therefore assesses the two options available to the Combined Authority - Franchising and Enhanced Partnership – and considers how they would address the challenges highlighted and achieve the objectives set out. For each option, different funding scenarios are considered.

6.12 Under the proposed Franchising Scheme, the Combined Authority would have control over the planning and provision of the bus network. Whereas an Enhanced Partnership would require authorities and bus operators working closely together and, through negotiation, to commit to deliver services to agreed levels.

*Table 6-1: Differences between Enhanced Partnership and Franchising*

<b>Enhanced Partnership</b>	<b>Franchising</b>
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
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

### Strategic Case conclusion

6.13 An enhanced network with greater connectivity and availability could be achieved under either an Enhanced Partnership or Franchising. However, Franchising would provide the Combined Authority with greater control and influence over the shape and stability of the network, and the ability to ensure service connections and integrated fares and ticketing.

6.14 Realisation of the full envisaged change would take a similar time under an Enhanced Partnership or Franchising. Under an Enhanced Partnership, delivery of change would be dependent on negotiations with operators, which, for some of the more ambitious requirements, could take extended periods (and, in some cases, may not be achieved at all). However, changes could be phased in as and when they had been agreed, rather than all in one go as would be the case with Franchising. In the case of Franchising, the Combined Authority would be able to dictate timescales and ensure delivery, subject to sufficient resources being available.

6.15 Overall, the Strategic Case concludes that Franchising would offer advantages over an Enhanced Partnership.

### Question S2

The Strategic Case says that reforming the bus market is appropriate to address the challenges facing the local bus market. Do you have any comments on this?

## Economic Case summary

### Introduction

- 6.16 The Economic Case looks at the economic impact of the bus reform options and the Value for Money (VfM) for the Combined Authority. The case assesses differences between the options and looks to quantify and monetise benefits and costs.
- 6.17 The Economic Case considers the benefits for passengers, bus operators, the Combined Authority and wider society across the EP and the Proposed Franchising Scheme, alongside the costs to the public sector. The economic model assesses the relative benefits and costs of the two bus reform options over a 30-year appraisal period.
- 6.18 Various service improvements would be sought through the medium level investment scenarios. These would fall into three main categories:
- Network operations
    - Improved coordination of services to facilitate interchange and better travel opportunities (including Busway and rail services)
    - Increased early morning and late evening services
    - Increased service frequency
  - Fares and ticketing
    - Single network wide ticketing products
    - Increased off-bus sales
    - More control over setting of fares
  - Customer experience
    - More bus priority to speed up journey times
    - Improved information provision

### Methods and results

- 6.19 The following methods were used to assess the impacts:
- Net Present Value (NPV) – costs subtracted from the benefits. A positive NPV means the option has more benefits compared to cost.
  - Benefit Cost Ratio (BCR) – this is calculated by dividing the benefits by the costs. A higher BCR means there is greater benefit achieved for every pound spent by the Combined Authority.

6.20 The performance of the medium investment scenario under the Enhanced Partnership or Franchising options is presented within the Economic Case in the following table.

Table 6-2: Analysis of Monetised Costs and Benefits<sup>4</sup>

Analysis of Monetised Costs and Benefits (2010 £m)	Franchising	Enhanced Partnership
Noise	0.16	0.11
Local Air Quality	-0.11	- 0.14
Greenhouse Gases	-4.53	- 4.80
Journey Quality	-	-
Physical Activity	-	-
Accidents	2.46	1.75
Economic Efficiency: Consumer Users (Commuting)	120.53	83.77
Economic Efficiency: Consumer Users (Other)	173.93	116.87
Economic Efficiency: Business Users and Providers	13.73	11.58
Wider Public Finances (Indirect Taxation Revenues)	3.65	3.64

**OVERALL IMPACTS**

Present Value of Benefits (PVB)	309.82	212.78
Present Value of Costs (PVC)	121.75	89.45
<b>Net Present Value (NPV)</b>	<b>188.06</b>	<b>123.32</b>
<b>Benefit to Cost Ratio (BCR)</b>	<b>2.54</b>	<b>2.38</b>

### Economic Case conclusion

- 6.21 Both Enhanced Partnership and Franchising generate benefits (both monetised and non-monetised) in relation to social, environmental and economic outcomes. The distribution of these benefits could be influenced by the Combined Authority if it controlled the design and implementation of the bus network through Franchising, ensuring benefits from investment and enhancement target those who are likely to gain most.
- 6.22 The monetised results of this Economic Case show that investing in bus services could represent good value for money.
- 6.23 The Economic Case concludes that Franchising offers the Combined Authority advantages over an Enhanced Partnership. Results suggest that, at each level of investment, Franchising performs slightly better in terms of economic benefits. The Franchising approach in the medium level investment scenario provides the best Net Present Value and Benefit to Cost Ratio.

### Question S3

The Economic Case says that Franchising offers better value for money to the Combined Authority than an Enhanced Partnership. Do you have any comments on this?

<sup>4</sup> Detailed explanations of the benefit categories shown in this table can be found in TAG UNIT A1.3, User and Provider Impacts

## Commercial Case summary

### Introduction

- 6.24 The Commercial Case outlines the commercial arrangements required for buses to be run under each bus reform option and considers issues around procurement and contractual arrangements, market competition and commercial risks.
- 6.25 The Combined Authority has used six commercial objectives (success factors) for the assessment that relate to control, value, competition and risk:
- **Public sector influence** – The Combined Authority wishes to ensure that its investment will support its intended outcomes ambitions. This will be achieved through a delivery model that provides sufficient influence over bus network outcomes to achieve desired policy objectives and user benefits.
  - **Best value** – The delivery option should be able to demonstrate how it can achieve the best combination of cost and quality in delivering the desired bus network, and which will in turn contribute to passenger affordability.
  - **Competition between bus operators** – The delivery option should be commercially viable for operators and encourage competition on a ‘level playing field’ basis between operators. The model should enable the participation of small and medium operators, as well as new entrants.
  - **Appropriate risk allocation** – The delivery option should allocate risks to the public and private sectors in accordance with their capability of managing them. Risk allocation will be across a number of areas, including fare revenue risk, operating cost risk, service standards and asset provision.
  - **Ease of implementation** – The delivery option must be practical to implement and sustainable over time.
  - **Recovery and flexibility** – The delivery option must allow the Combined Authority to manage the network effectively, including during times of disruption.
- 6.26 The current commercial model for running buses in Cambridgeshire and Peterborough is a deregulated market, where most roles and responsibilities sit with private bus operators, including bus service specification and branding, providing buses and depots, setting standards, timetabling of routes, fares and ticketing and customer service.

### Franchising Scheme – how buses would run

- 6.27 The Commercial Case considers the commercial model for Franchising, setting out how buses would be run. Under the Proposed Franchising Scheme, the existing commercial market would be replaced, and bus operators would bid to run bus services through a competitive procurement process managed by the Combined Authority. The Commercial Case includes information on how franchises could be rolled out across Cambridgeshire and Peterborough, franchise contract length and the procurement process.
- 6.28 To make it easier to implement Franchising, the Combined Authority would procure services through a number of area packages. These would be split into groups of bus services which



would be procured under separate franchise contracts. Contracts would be of differing sizes to aid competition and allow small and medium sized operators to bid, as well as larger operators.

- 6.29 The Combined Authority would look to procure the first round of contracts in 2025-26. A second round would follow a year later to complete the process.
- 6.30 The Combined Authority would take on additional risks and responsibilities under Franchising, including service specification (deciding on which bus routes to run), branding, timetabling of routes and information provision. Operators would continue to be responsible for the provision of buses and depots, with the Combined Authority providing some additional depot capacity.

### Enhanced Partnership – how buses would run

- 6.31 Under an Enhanced Partnership, buses would continue to run under the same commercial model as they are now, with some changes to the way the bus network is managed. This would see the responsibility for service specification and timetabling remaining with private bus operators, who would also remain responsible for managing revenue risk.
- 6.32 The Enhanced Partnership model relies on negotiation and agreement between the Combined Authority and operators to develop the bus network, meaning that some interventions might be compromised or delayed. Under an Enhanced Partnership the Combined Authority would seek to agree service change windows as part of the scheme to enable service changes to be managed on a more routine basis.

### Commercial Case conclusion

- 6.33 The Commercial Case concludes that Franchising is beneficial in giving the Combined Authority more influence over the bus network and therefore greater control of the outcomes of the bus network and management of services. However, it involves more change than an Enhanced Partnership and requires more resources and capabilities for the Combined Authority to implement, along with greater risk to manage.

### Question S4

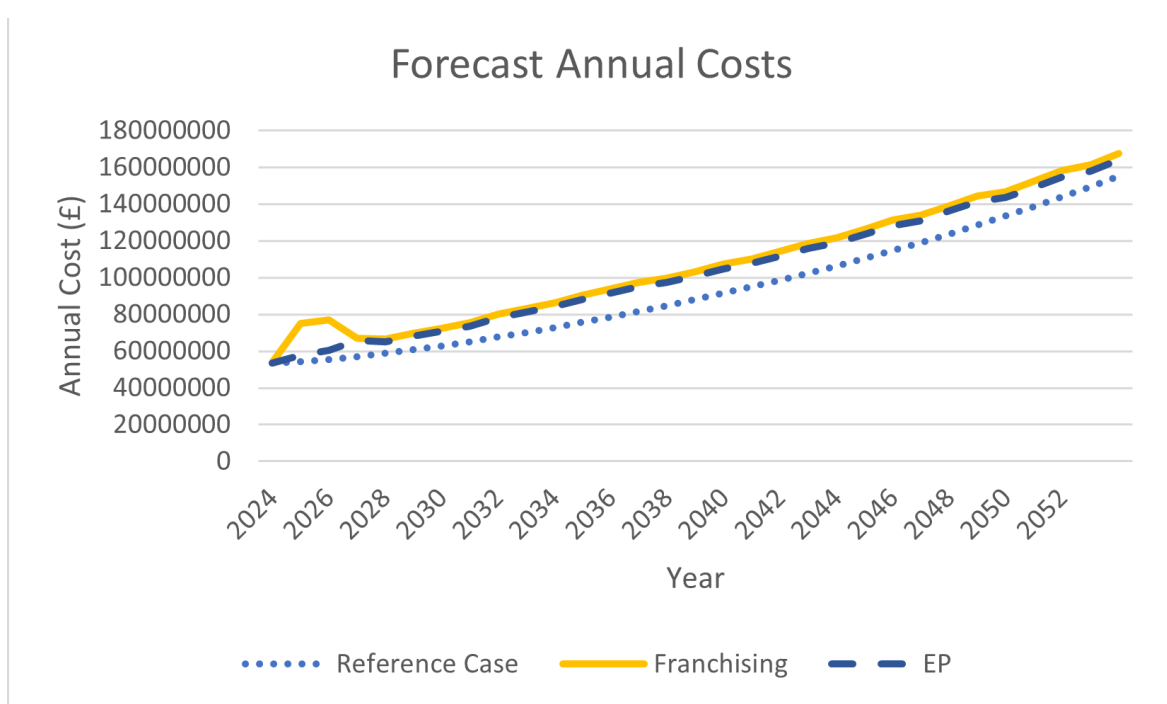
The Commercial Case says that the Combined Authority would be better able to meet its commercial objectives (success factors) through Franchising compared to an Enhanced Partnership. Do you have any comments on this?

## Financial Case summary

### Introduction

- 6.34 The Financial Case considers the financial implications of Franchising or an Enhanced Partnership. This includes the projected cashflows under each option, in order to assess the affordability for the Combined Authority and the potential financial risk. It takes account of the various funding streams available to maintain and develop the bus network.

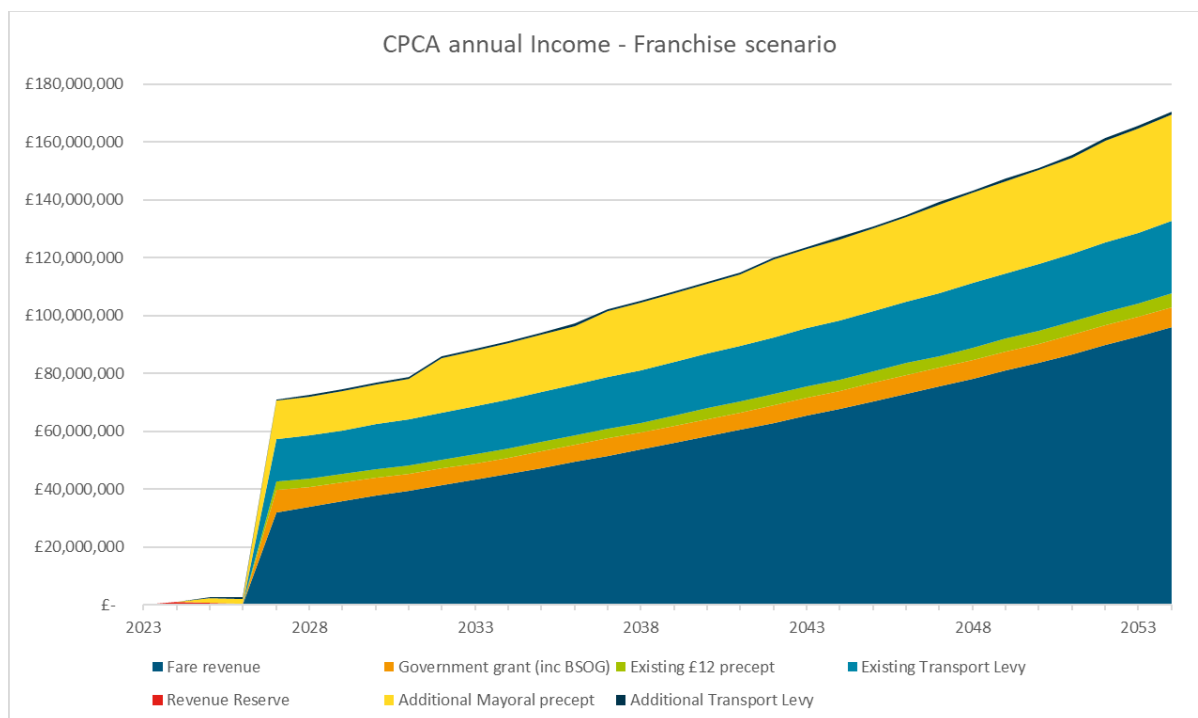
- 6.35 The financial modelling builds in various improvements to the network (outlined in the Economic Case), which implies rising costs over the 30-year assessment period considered, which would be at a higher level than the reference case (current situation) for both Franchising and EP. Some additional capital costs are also included to fund bus priority measures and, in the case of franchising, the potential provision of two new bus depots (one in the Peterborough area and one in the Cambridge area), which would facilitate increased participation by new and/or existing bus operators in franchise contracts.
- 6.36 Under the scenario of franchising, mid-level investment would allow investment in bus priority measures, bus stop and shelter improvements, along with funding to contract new or extended bus services and/or more frequent services.



### Resourcing costs

- 6.37 Both options will require the Combined Authority to increase its capacity and capability in respect of staffing and systems in order to take on greater roles and responsibilities. This will incur additional costs, which will be greater for Franchising, because of the greater control and management responsibilities taken by the Combined Authority. The following chart shows the different funding streams for Franchising.

Figure 6-2: CPCA income given franchising scenario



## Financial Case conclusion

- 6.38 Under both options, additional financial support will be required to realise bus network improvements. However, over time, these should realise increases in bus fares revenues as usage increases.
- 6.39 The Financial Case concludes that, considering the revenue and funding available under each option, both Franchising and Enhanced Partnership are affordable to the Combined Authority. Franchising will bring greater benefits than the Enhanced Partnership due to the ability to deliver more network improvements, however this needs to be balanced against the increased financial risk to the Combined Authority in taking more responsibility for passenger fare revenue.

### Question S5

The Financial Case says that Franchising carries more financial risk for the Combined Authority than an Enhanced Partnership, but offers greater control, resulting in greater benefits. Do you have any comments on the Combined Authority taking on this risk?

## Management Case summary

### Introduction

- 6.40 The Management Case considers the factors which influence the deliverability and robustness of arrangements within the Combined Authority to deliver, monitor and evaluate the delivery options – either Franchising or EP. This includes the arrangements and processes to be put in

place, the staff resources and systems, and the plans to manage the transition and risks involved in moving to a new model of bus service provision.

### Franchising Scheme and Enhanced Partnership management

- 6.41 Franchising would create new and greater responsibilities for the Combined Authority, with extra resource, skills and capabilities required across the following areas: bus network design and operation, revenue risk, fares and ticketing, marketing and brand management, performance monitoring and customer relations.
- 6.42 The Combined Authority has already begun an expansion of its Public Transport Team, which would provide the foundation for further development if the decision to introduce a Franchising Scheme was approved. The Management Case considers that the Team would require up to 15 additional posts.
- 6.43 Transition to a franchised network is programmed to deliver the first franchised services in the first eight months and take about 3 years to complete, once the decision has been taken to introduce it.
- 6.44 An Enhanced Partnership would also require some additional responsibilities for the Combined Authority, particularly in respect of managing discussions and negotiations with operators to agree commitments, and in being more involved in ticketing, marketing, branding and performance monitoring.
- 6.45 The delivery of the ambitions for the bus network could be achieved through an EP. Transition to structures to achieve this would be relatively straightforward from the current position. An EP Plan and Scheme could be put in place within a year (if agreement between the Combined Authority and operators can be reached), with the Scheme setting various dates and deadlines for the introduction of commitments and requirements.
- 6.46 The Combined Authority's Public Transport Team would require some expansion to deliver a successful EP, with possibly 8-10 additional posts.
- 6.47 While the CA would be able to set the terms of a Franchising Scheme, the terms of the EP Plan and Scheme would need to be negotiated with operators. If full agreement cannot be reached, proposals would be put to the operator objection mechanism. If the relevant threshold of support is not reached, the EP Scheme would not proceed.

### Management risks

- 6.48 Both Franchising and Enhanced Partnership have implementation and transition risks associated with them, based on potential issues of timing, communication and uncertainty. The Combined Authority has processes in place to help manage and mitigate these risks.

### Management Case conclusion

- 6.49 The Management Case concludes that either reform option could be delivered by the Combined Authority.

6.50 Achievement of the Combined Authority's ambitions under an Enhanced Partnership or Franchising will require additional staff resources and capabilities, along with stronger governance and organisational structures. This would be more so under Franchising because of the greater change in respect of the management and control of the entire network. However, the ability to achieve a more coordinated, seamless network would be enhanced under Franchising, whereas an EP Scheme would require more time and effort in negotiating change and requirements with operators.

#### Question S6

The Management Case sets out how the Combined Authority would manage the bus network under Franchising or an Enhanced Partnership. Do you have any comments on these plans?

### Assessment conclusion

- 6.51 The Combined Authority must reform its approach to the way bus services are provided, in accordance with the requirements of the National Bus Strategy. Doing nothing is not an option, so this means a necessary introduction of either an Enhanced Partnership or Franchising.
- 6.52 Franchising offers clear advantages for the Combined Authority in achieving its strategic objectives. It would have full influence over outcomes and the efficient delivery of bus service improvements to passengers, and bus network changes which support the delivery of wider policy ambitions.
- 6.53 Whilst an Enhanced Partnership is less risky for the Combined Authority, Franchising has clear advantages over an Enhanced Partnership in terms of the Commercial Case. It offers more certain delivery, with greater confidence in achieving desired outputs and outcomes.
- 6.54 With respect to the Financial Case, both options require substantial financial support in the long term to realise the Combined Authority's Bus Strategy ambitions and objectives. The case for franchising has been demonstrated to be affordable and sustainable in the long term. For an Enhanced Partnership the Combined Authority would need to raise further funding to manage the decline of the bus network in the long term.
- 6.55 The Management Case demonstrates that either option is deliverable, and that both would require an expansion of the Combined Authority's resources and capabilities.
- 6.56 Having undertaken this Assessment in accordance with the relevant requirements of the Transport Act and the Franchising Guidance, the Combined Authority considers that, on balance, the strategic advantages of Franchising and the increased certainty which it brings in terms of outcomes, outweigh the disadvantage of taking on significant financial risk. On the basis of this Assessment, it is recommended that the Franchising Scheme is the Combined Authority's preferred option for bus reform.

## Equality Impact Assessment

- 6.57 Under the Equality Act 2010 the Combined Authority is required in the exercise of its functions to have due regard to the need to:
- Eliminate unlawful discrimination, harassment and victimisation.
  - Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it.
  - Foster good relations between those who have a relevant protected characteristic and those who do not.
- 6.58 The Combined Authority undertook an Equality Impact Assessment (EqIA) to understand any impact the Proposed Franchising Scheme would have on people with protected characteristics. The EqIA can be found in Appendix 6.
- 6.59 The EqIA concludes that the Proposed Franchising Scheme would have some positive impacts on people with the following 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
- 6.60 This positive impact is largely due to the ability for the Combined Authority to offer a greater level of customer consistency across a variety of areas that impact protected characteristics. The Proposed Franchising Scheme could bring benefits such as improvements and consistency in customer information, onboard bus standards and accessibility, safety before and during travel, and the pricing of tickets. The control the Proposed Franchising Scheme offers over the network (such as the setting of service frequencies and routes) could also help resolve some of the issues such as safety and difficult interchange which were identified in the EqIA.
- 6.61 No impact, or neutral impact was seen across the protected characteristics of marriage and civil partnership.
- 6.62 The EqIA is a live document, so further understanding will be fed in and, if the Proposed Franchising Scheme is made, the EqIA will be reviewed after 12 months of implementation.

### Question S7

The Combined Authority's draft Equality Impact Assessment (EqIA) identifies the potential impacts of the proposed Franchising Scheme or Enhanced Partnership on people with protected characteristics. Do you have any comments on it?

## Shorter Summary conclusion

- 6.63 This Shorter Summary has set out the key conclusions from the Combined Authority's Assessment. It has provided information on the Proposed Franchising Scheme and Enhanced Partnership, alongside a summary of each of the five business case elements and the conclusions reached. In addition, it provides details of the EqlA carried out on the options of Franchising and Enhanced Partnership.
- 6.64 The Assessment conclusion sets out that both Franchising and Enhanced Partnership can improve bus services in the region, but that Franchising Scheme can better deliver against the Combined Authority's ambitions for an improved bus network across Cambridgeshire and Peterborough by providing more certainty and control in delivery of the desired objectives.

### Question S8

To what extent do you support or oppose the introduction of the proposed Franchising Scheme?

Strongly support

Tend to support

Neither support nor oppose

Tend to oppose

Strongly oppose

Don't know

### Question S9

Are there any changes that you think would improve the proposed Franchising Scheme?

### Question S10

Do you have any further comments?

## 7. Longer Summary of the Assessment

### Background

- 7.1 The requirements of the Assessment are set out by law and include information on the following:
- **Strategic Case** – explores why buses in Cambridgeshire and Peterborough need reform and whether the options considered (the Proposed Franchising Scheme and Enhanced Partnership) will help us achieve our ambitions for better buses.
  - **Economic Case** – considers the wider economic and social benefits of each option, and whether they offer value for money.
  - **Commercial Case** – explores what the commercial arrangements could be for each option and evaluates these against Commercial Objectives.
  - **Financial Case** – assesses whether the options are affordable based on the money available.
  - **Management Case** – considers the practical aspects of how the options would be delivered by the Combined Authority, including risks and resources required.
- 7.2 Each of these cases considers the implications of pursuing the provision and improvement of bus services either under an Enhanced Partnership or Franchising. These have both been considered under a scenario of medium level of investment. This means that it is assumed that some additional investment would be possible over and above what is currently being spent on the bus network.
- 7.3 The information included in this Longer Summary (Section 7 of the Consultation Document) should provide you with all the information you need to complete the long questionnaire. However, you may also wish to read the full Assessment document, which is available to read at <https://cpca-yourvoice.co.uk/bus-franchising-consultation/>

### Assessment introduction

- 7.4 Where an authority is considering making a Franchising Scheme which covers all or part of its area, it is required under Section 123B of the Transport Act 2000 to prepare an Assessment of the proposed scheme.
- 7.5 As a Mayoral Combined Authority, Cambridgeshire and Peterborough Combined Authority (CA) has the right to consider and introduce bus franchising, provided that this is undertaken in line with published guidance. In accordance with the Transport Act, the CA gave notice of its intention to consider the case for a proposed Bus Franchising Scheme in May 2019.
- 7.6 The CA wishes to consider Franchising as an alternative to the existing deregulated bus market, as it would provide a system under which it would be able to specify which bus



services would be provided across Cambridgeshire and Peterborough, the routes they would take and how frequently they ran, as well as setting fares and ticketing products.

- 7.7 The Assessment covers the entire CA area and has been prepared in accordance with the requirements of Section 123B of the Transport Act, having regard to the statutory guidance issued by the Secretary of State for Transport entitled 'The Bus Services Act 2017 – Franchising Scheme Guidance as published in March 2018'.
- 7.8 Section 123B of the Transport Act and the Franchising Guidance recommends that the Assessment is based on the Treasury five case business case model. The Assessment should identify options (Franchising and at least one other) that have the potential to achieve the objectives set by the CA. It should then undertake a detailed assessment of the leading options to determine the benefits, impacts and costs and further consider the extent to which each option would meet those objectives.
- 7.9 The Treasury five case model requires the following assessments to be undertaken:
- **Strategic Case** for making changes to the bus market, considering the extent to which the bus market contributes to the transport system in the area and how it fits with the CA's policies and plans and its Bus Strategy. This section should set out the strategic context, along with objectives for improving bus services, which are then assessed in the light of different options.
  - **Economic Case** compares the benefits and costs of the different options for delivering the objectives, demonstrating the value for money of each. The case presents the results of a modelling exercise for each of the options available to the CA and compares them against a 'do nothing' scenario. This means that the different benefits of each option are 'monetised', providing a clear comparison in terms of benefit and equivalent cost.
  - **Commercial Case** considers the extent to which the CA would secure the continued operation of bus services. The Assessment should consider how services would be procured competitively and how the procurement process would support the involvement of small and medium sized operators.
  - **Financial Case** considers the financial implications of the options, both in respect of the impacts from the introduction of the arrangements, including the transition costs, and their ongoing management and operation. This allows the CA to assess the affordability of each option and to ensure that it has sufficient sources of income to meet the capital and revenue spending requirements of each option.
  - **Management Case** looks at how each option would be implemented and managed. It sets out any organisational, management or governance changes that would be required, particularly within the CA. This includes requirements in respect of staff capacity and competency, along with system changes.

7.10 The Assessment was completed with a 2023 base year and with the best available knowledge at the time of writing.

## Strategic case

### Cambridgeshire and Peterborough Combined Authority

7.11 Cambridgeshire and Peterborough is home to almost 900,000 people and covers an area of 3,400 km<sup>2</sup>.

7.12 Cambridgeshire and Peterborough Combined Authority (CPCA), formed in 2017, is constituted of five district councils (Cambridge, East Cambridgeshire, Fenland, Huntingdonshire and South Cambridgeshire), the unitary authority of Peterborough City, and Cambridgeshire County Council (CCC). This is a Mayoral Combined Authority (MCA).

7.13 The MCA works in partnership with Cambridgeshire County Council and Peterborough City Council (PCC), as the two respective Highway Authorities, and the Greater Cambridge Partnership (GCP) which is delivering transport enhancements across the Greater Cambridge area.

7.14 The CA's ambitions include:

- Doubling the size of the local economy
- Delivering outstanding and much needed connectivity in terms of transport and digital links
- Providing the UK's most technically skilled workforce
- Growing international recognition for its knowledge-based economy
- Improving quality of life by tackling areas suffering from deprivation

7.15 The CA's mission is to make life better, healthier, and fairer for all by driving growth that is evenly spread and sustainable. There is a desire to close the gap in healthy life expectancy and salaries, increase access to employment and education, protect the environment, and boost innovation. By investing in flourishing communities, the aim is to unlock more sustainable growth across the region.

## Growth

7.16 A distinguishing feature of the area is how strongly it has grown and continues to grow. Economic growth has outpaced both the East of England and UK over the last decade. Growth has not, however, been even across the whole area.

7.17 The COVID-19 pandemic impact was also uneven across the economy of the area. Greater Cambridge had the largest reduction between Quarter 1 and Quarter 4 of 2020 (almost 10% change in output); while Huntingdonshire and Fenland, with economies focused on agricultural and construction sectors, continued to operate at near normal levels.<sup>5</sup> Recovery

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<sup>5</sup> CPCA (2021) [Assessing the Impact of Covid 19 in Cambridgeshire & Peterborough](#)

has been quickest in Greater Cambridge, and key metrics indicate growth has restored to pre-pandemic levels.<sup>6</sup>

- 7.18 Cambridge and Peterborough recorded the fourth and fifth highest population growth in England in the 2021 Census.<sup>7</sup> This growth, with a younger demographic in the cities, is a factor in driving economic growth, as a higher proportion of the population is of working age, bringing added economic dynamism.
- 7.19 An important feature of the economic geography is the prominence of market towns. These have long served as economic centres for local populations, providing hubs for commerce. While the relative importance of market towns has, to some extent, declined as transport has enabled larger centres to become more dominant, they continue to play a key role. Even though some are in the grip of change, for people in rural communities, such as the Fens, they remain central destinations for work, shopping and leisure.
- 7.20 If economic growth is to continue, deterioration in the quality of life across Cambridge and South Cambridgeshire will result, unless this is matched by the means of achieving it in a sustainable way through better infrastructure, particularly transport. Whilst road schemes have a role to play, they alone or indeed those that also include walking and cycling, are unlikely to be sufficient. More effective bus services, including the use of the Mayor's powers for introducing new ways to procure and manage bus services, are vital in areas where other forms of public transport would fail any cost-benefit calculation. Good bus services can connect students to education and widen employment opportunities, as well as help to alleviate loneliness and isolation amongst older people.

## Congestion

- 7.21 Traffic congestion is the most frequent form of disruption to the region's transport network, posing a risk to future growth and prosperity. The average speed on all major roads entering Cambridge during the 'rush hour' is less than 60% of the 'free flow' speed, with commuters by car into Cambridge spending a quarter of their journey time on average<sup>8</sup> stuck in traffic. The road network lacks resilience. Congestion is detrimental for both car users and the public transport network. On average, 20% of bus services run late, in large part due to congestion.<sup>9</sup>
- 7.22 Future growth, in the absence of transport investment, is expected to result in worsening traffic congestion. With the number of car journeys across the CA area forecast to increase by 40% by 2031<sup>10</sup>, if steps are not taken now, it will soon act as a serious brake on economic growth. There is public consensus that action is needed, with 66% of consultation respondents

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<sup>6</sup> GCP (2022) [Employment growth increased as businesses recovered from Covid-19 lockdown, new data shows](#)

<sup>7</sup> ONS (2022) [How the population changed in Peterborough: Census 2021](#)

<sup>8</sup> CPCA (2022) [Draft Local Transport and Connectivity Plan](#)

<sup>9</sup> CPCA (2022) [Draft Local Transport and Connectivity Plan](#)

<sup>10</sup> CPCA Future Mobility Zone for Greater Cambridge, Application to the Department for Transport Future Mobility Zone Fund

agreeing with the Local Transport and Connectivity Plan objective to cut the distance driven on roads by 15%.<sup>11</sup>

## Policy backdrop

7.23 **Bus Back Better**, the National Bus Strategy for England, published in March 2021<sup>12</sup>, represented a shift in approach to bus networks following the impacts of COVID-19 and declining national usage. The Strategy recognised that the existing deregulated bus network delivery model was not necessarily the most effective one, and that alternative options should be considered (either Enhanced Partnership or Franchising).

7.24 The Strategy wants to see bus services that are:

- **More frequent**, with turn-up-and-go services on major routes and feeder or demand-responsive services to lower-density places.
- **Faster and more reliable**, with bus priority wherever necessary and where there is room.
- **Cheaper**, with more low, flat fares in towns and cities, lower point-to-point fares elsewhere, and more daily price capping everywhere.
- **More comprehensive**, with over-provision on a few corridors reduced to boost provision elsewhere and better services in the evenings and weekends, not necessarily with conventional buses.
- **Easier to understand**, with simpler routes, common numbering, co-ordinated timetable change dates, good publicity, and comprehensive information online.
- **Easier to use**, with common tickets, passes and daily capping across all operators, simpler fares, contactless payment, and protection of bus stations.
- **Better integrated** with other modes and each other, including more bus-rail interchange and integration and inter-bus transfers.

7.25 The CA is bounded by several local transport authorities, all of which have responsibility for the provision and maintenance of bus services and have a shared interest in local bus services that cross the boundary. As required by the National Bus Strategy, all local transport authorities produced Bus Service Improvement Plans (BSIPs) in 2021. Three of the neighbouring authorities' BSIPs were successful in attracting funding from the DfT over a 3-year period. The remainder, like CPCA, were subsequently awarded BSIP+ revenue funding in 2023, primarily to continue supporting bus services or to introduce fares and ticketing initiatives.

7.26 All neighbouring local transport authorities reflect in their BSIPs an ambition to improve bus services, which adds support to the CA's desire to see a step change improvement in bus services. Therefore, bus reform and improvements delivered in Cambridgeshire and Peterborough should have benefits in neighbouring areas through enhanced cross-boundary services. Furthermore, given that Peterborough and Cambridge are important focal points for

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<sup>11</sup> CPCA (2022) [LTCP Update Newsletter](#)







<sup>12</sup> DfT (2021) ["Bus Back Better", National Bus Strategy for England](#)

residents of neighbouring areas, any improvements in public transport access would be welcomed.

## Policies and Plans

- 7.27 The CA's transport policy is set out in the Cambridgeshire and Peterborough Local Transport and Connectivity Plan (LTCP), adopted in 2023. This aims for a transport system that:
- Is accessible and efficient for everyone.
  - Increases the ability to access good jobs, travel to health appointments and access opportunities to improve life chances.
  - Is affordable to use.
  - Addresses pollution that adversely impacts on people's quality of life and health.
- 7.28 It responds directly to the Independent Commission on Climate's findings that the region experiences transport emissions that are 50% higher than the UK average, reflecting higher levels of traffic. In response, it recommended a reduction in car miles driven by 15% by 2030, advocating a switch to public transport and active travel modes. It recognised that this would require significantly better public transport services with greater connectedness.
- 7.29 The LTCP vision is of **a transport network that secures a future in which the region and its people can thrive**. This will be achieved by investing in a joined-up, net zero carbon transport system, which is high quality, reliable, convenient, affordable, safe, and accessible to everyone. Better, cleaner public transport will reduce private car use, and more cycling and walking will support both healthier lives and a greener region.
- 7.30 The CA's Mayor sees **compassion, community and collaboration** at the heart of what the authority does to serve the region's population. Provision of a successful bus network is characterised by these facets. It contributes to a fairer and equal society, benefits everyone, brings people together and requires collaboration to make it work efficiently and effectively.
- 7.31 The LTCP sets out the clear need for a comprehensive and excellent bus network to tackle car dependency and encourage a shift from car to public transport use. Accessible, affordable, reliable and frequent public transport will be a crucial part of realising the vision. New services will be needed to better connect people to jobs and facilities.
- 7.32 Large-scale investment in bus services will be needed in the Greater Cambridge area, where the aim is to reduce traffic levels in the city by 10-15% on 2011 levels to improve journey times and reduce pollution. Other local strategies set out in the LTCP support making improvements to public transport, including more connectivity, more frequent services and greater availability of provision through the day and week.
- 7.33 Buses can make a significant contribution towards achieving the goals set out in the LTCP, as shown in the following figure.

Figure 7-1: LTCP Goals

 <b>Productivity</b> Giving both employers and people the means to achieve more of their potential, making them more efficient and innovative to create more prosperity	
<b>Housing</b> – support new housing and development to accommodate a growing population and workforce, and address housing affordability issues	Easier to develop areas that are built around good public transport rather than the car. Bus offers a flexible way to meet the needs of new and growing communities.
<b>Business and tourism</b> – ensure all our region's businesses and tourist attractions are connected sustainably to our transport hubs, ports, and airports	Buses can connect communities to key destinations for the benefit of everyone
<b>Employment</b> – connect all new and existing communities sustainably, so all residents can easily access a good job within 30 minutes by public transport, spreading the region's prosperity	Buses can be routed and timed to meet the needs of employees. They are ideal for the provision of collective travel to key destinations, lessening the impact of travel peaks.
<b>Resilience</b> – build a transport network that is resilient and adaptive to human and environmental disruption, improving journey time reliability	Bus routes and levels of service can be varied at short notice to adapt to changing needs and demands. Dedicated priority measures allow bus journey times to be competitive and for services to run reliably
 <b>Connectivity</b> – people and communities are brought closer together, giving more opportunity for work, education, leisure, and pleasure	
<b>Accessibility</b> – promote social inclusion through the provision of a sustainable transport network that is affordable and accessible to all	Buses can provide transport for all, both those with no alternative and those who would like to choose an alternative to the car
<b>Digital</b> – communities are digitally connected; innovative technologies are supported and there is improved connectivity and mobility across the region	Travel by bus offers the opportunity to stay digitally connected whilst on the move and for people to do other things whilst travelling
 <b>Health</b> – improved health and wellbeing, enabled through better connectivity, greater access to healthier journeys and lifestyles, delivering stronger, fairer, more resilient communities	
<b>Health and wellbeing</b> – provide 'healthy streets and high-quality public realm that puts people first and promotes active lifestyles	Buses offer a more efficient use of road space, giving streets back to communities. Public transport is central to the provision of sustainable travel options and more active lifestyles. Collective travel provides a greater sense of belonging and community
<b>Air quality</b> – ensure transport initiatives improve air quality standards across the region, exceeding good practice standards	Zero emission buses help to improve air quality. Use of bus reduces other traffic and its harmful impacts
 <b>Safety</b> – to prevent all harm by reducing risk and enabling people to use the transport system with confidence	
<b>Safety</b> – embed a safe systems approach into all planning and transport operations to achieve 'Vision Zero' – zero fatalities and serious injuries	Buses offer a safe form of transport, allowing stress-free travel
 <b>Environment</b> – protecting and improving our green spaces and improving nature with a well-planned and good quality transport network	
<b>Environment</b> – deliver a transport network that protects and enhances our natural, historic, and built environments	More bus travel and fewer cars means that less space is needed for roads and car parks
 <b>Climate</b> – successfully and fairly reducing emissions to 'net zero' by 2050	
<b>Climate change</b> – reduce emissions to 'net zero' by 2050 to minimise the impact of transport and travel on climate change	Zero emission buses contribute to the achievement of net zero. Use of bus reduces other traffic and its harmful impacts

7.34 To guide climate change mitigation and adaptation efforts in the region, the CPCA Independent Commission on Climate was formed to advise the Mayor on appropriate and necessary actions in this area. The Independent Commission published its initial recommendations for consideration by CPCA<sup>13</sup>. Key proposed actions included:

- Reduction in car miles driven by 15% to 2030 relative to baseline.
- Development and implementation of the Strategic Bus Review (carried out in 2018-19) to prioritise affordability and reliability of services.
- Alternatives to road investment to be prioritised for appraisal and investment (active travel and public transport options; opportunities for light rail and bus rapid transit; options to enhance rail connections).
- Major new developments (more than 1,000 homes) should be connected to neighbouring towns and transport hubs through shared, public transport and/or safe cycling routes.
- All buses and taxis operated within the CPCA area, and Council owned and contracted vehicles, should be zero emission by 2030.
- A complete phasing-out of the use of cars running on fossil fuels by 2050 within the CPCA area.

### Role of the bus network

7.35 The bus network is very important to the region and its economy. The current network provides reasonable coverage in the cities and some of the main corridors, such as the Busway, but is less evident in rural areas. Furthermore, the network has been eroded since the COVID-19 pandemic and could see further decline in the future as operating costs rise faster than fares income. As such, the public sector is playing an increasingly significant role in the maintenance and provision of bus services, with increased expectations on it to attend to information and infrastructure provision.

### Local insights

7.36 Research was undertaken by the CA in 2019 to understand the views of users and non-users of public transport, as well as interested stakeholders. This aimed to gain insights into attitudes and perceptions towards existing bus services and obtain people's views on what future bus provision should look like. These activities took the form of on-street and on-line surveys, focus groups and discussions with other relevant parties. Wide representation was sought across urban and rural areas and amongst users and non-users of buses.

7.37 The main findings are summarised below:

- The most common journeys taken 'often' by users were for work purposes. Trips for shopping and leisure were more likely to be taken 'sometimes'. Non-users were more likely to travel for shopping or leisure purposes than for work by bus.
- Problems with the bus network were more often cited than the convenience of car use as barriers for travel by non-users. However, by those who drive, the convenience of the car

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<sup>13</sup> Cambridgeshire and Peterborough Independent Commission on Climate Change (2021) [Initial Recommendations](#)

was the main reason for not using the bus. Over 80% of non-users in rural areas considered cars to be the main form of transport.

- Frequency, reliability, cost of fares and the time services start and end, were frequently referenced priorities for users. Frequency, reliability, and the cost of fares were considered as priorities for non-users.
- Over 90% of users would travel 'a little more' or 'a lot more' after the introduction of their chosen interventions. There was little difference between cities and rural areas in their willingness to travel.
- Over 50% of users would 'definitely' or 'possibly' be willing to pay higher fares to fund their improvements. There was little difference between how often users travelled and their willingness to pay.
- Over 86% of users, and almost 85% of non-users were 'supportive' or 'very supportive' of improvements. The expansion of the bus network and provision of integrated tickets for use across all bus and train services were the most supported improvements.
- Frequency, reliability, and the cost of fares were the most referenced concerns by users when given the opportunity to provide written comments. Frequency of services and a lack of services provided were the two most common written comment subjects by non-users.

7.38 In summary, the issues raised by bus users and non-bus users were similar. Priorities were reliability, frequency, interchange and integrated fares and ticketing.

7.39 In early 2023, consultation on the draft Bus Strategy provided further opportunity to establish people's priorities. From over 1,000 responses, the top three priorities for improving bus travel were:

- Provision of more services in rural areas (60% of respondents)
- Better integration across the bus network (56% of respondents)
- Quicker and more reliable journey times (38% of respondents)

### Question L1

Do you have any comments generally on how well bus services are currently performing in Cambridgeshire and Peterborough?

#### Bus market challenges

7.40 Currently, bus services operate in Cambridgeshire and Peterborough under a deregulated market. Many bus services operate commercially whilst others are subsidised by the CA.

7.41 With decreasing bus usage and increasing operational costs, the commerciality of routes is decreasing, leading to services being deregistered<sup>14</sup>. In some cases, the local authority can subsidise the shortfall in services, but with decreasing budgets available to support local bus services, the ability to provide an attractive bus network across the region becomes increasingly difficult.

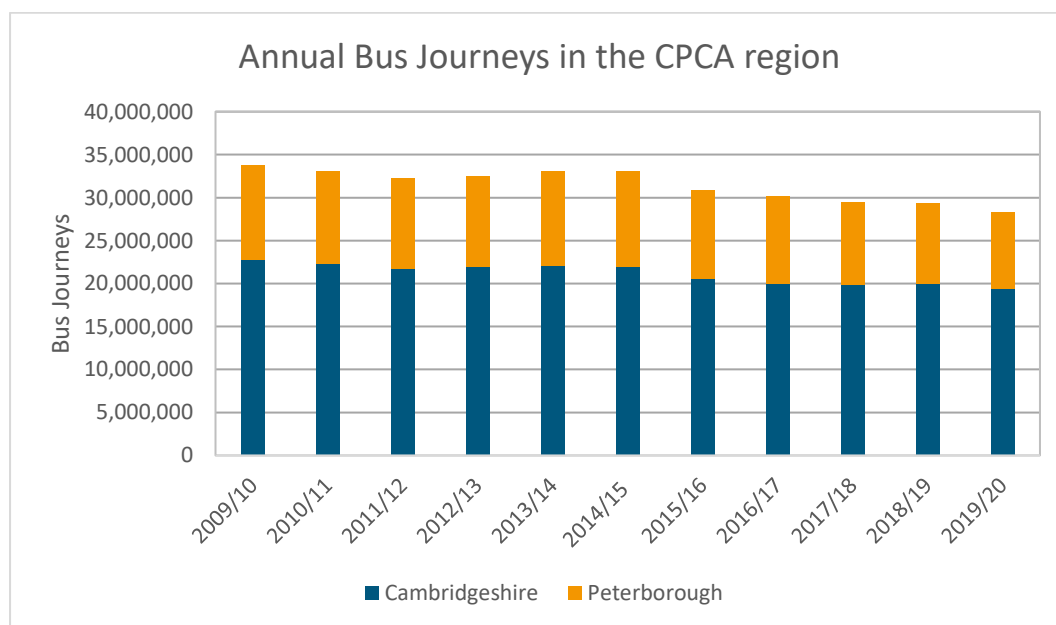
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<sup>14</sup> Department for Transport: Bus Statistics Bus 0408(1)



- 7.42 The area has experienced a reduction in registered local bus services in recent times. Therefore, the provision of bus services is dependent on their financial viability, which is influenced both by the relative cost of operation and the ability to generate income. Over recent years, operating costs have increased, both in terms of cost per passenger (partly influenced by declining usage) and cost per vehicle mile. With reducing commerciality, the services provided often lack the weekend service coverage, frequency, and evening hours that passengers want to see.<sup>15</sup>
- 7.43 Under a deregulated market, whilst the CA has control over those bus services that it funds or part-funds, it has no control over many routes, frequencies, quality of the network, and the setting and collection of fares. Nor does it have the ability to use fare revenues and subsidy to fund the wider network. Integration with other public transport modes can also be difficult. Moreover, without such control, the stability of the network is not guaranteed, reducing the consistency and legibility for passengers.
- 7.44 Meanwhile, the associated restrictions imposed by competition legislation can make it difficult to implement region-wide ticketing schemes to benefit bus passengers.
- 7.45 Cambridgeshire and Peterborough reflect the national trends. Peterborough saw a patronage reduction of 27% between 2014/15 and 2018/19, which is three million fewer journeys. Meanwhile, despite strong performance of the Busway and Cambridge Park & Ride, Cambridgeshire saw passenger reductions of 6%, accounting for one million fewer journeys.<sup>16</sup>

Figure 7-2: Annual Bus Journeys in CPCA Region



- 7.46 Usage was drastically affected by the COVID-19 pandemic and the impact has continued beyond the initial lockdowns, with changes in lifestyles and travel behaviour. Whilst fare-

<sup>15</sup> CPCA (2022) [Draft Local Transport and Connectivity Plan](#)

<sup>16</sup> CPCA (2022) [Draft Local Transport and Connectivity Plan](#)

paying passengers have gradually returned to the bus, this has been less so amongst concessionary travel holders. This appears to be a result of there being less need to travel (due to greater use of on-line services) and a switch to car travel.

## Integration

- 7.47 An integrated public transport network can bring benefits. Integrated ticketing across modes, services and providers has been demonstrated to have multiple benefits, including increasing patronage, passenger satisfaction and mode shift. Financially, it can increase revenue, reduce administrative costs, and reduce ticket fraud.<sup>17</sup>
- 7.48 Currently there are schemes to improve rural mobility, however they run independently from one another. This includes the Ting Demand Responsive Transport (DRT) service across West Huntingdonshire, community transport services (such as dial-a-ride), and traditional bus services. In Fenland, demand for community services is on the rise, but there is limited integration of these services into the wider network.<sup>18</sup> Over half of respondents in a consultation in Fenland found 'lack of connectivity and accessibility' as one of the most important transport issues.<sup>19</sup>
- 7.49 An integrated public transport network can also introduce a simplified, consistent image for users, reducing the barriers to irregular or first-time passengers. This means simplified mechanisms to collect, distribute and seek information. This may manifest as one website to find fares and timetables, a simpler system to deal with complaints, or the ability to define a template for data collection.

## Decarbonisation of the bus fleet

- 7.50 Surface transport emissions accounted for 44% of all CO<sub>2</sub> emissions in the CA area; this is significantly higher than the UK average at 37%.<sup>20</sup> The region has targets to reduce climate impact. This includes the CA's goal to ensure all buses and taxis operating within the authority area are zero emission by 2030, and to reduce driven car miles by 15% by 2030.<sup>21</sup>
- 7.51 Given the urgency to decarbonise the transport network, progress has begun with government funding towards the purchase of 30 battery electric buses by Stagecoach, introduced in Cambridge. Elsewhere, the current bus depot in Peterborough does not have space for electric charging facilities, and investigations are ongoing to relocate the garage.<sup>22</sup> The Universal bus service, supported by University of Cambridge, has seen the introduction of electric buses.

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<sup>17</sup> Passenger Transport Executive Group (2009) [The Benefits of Simplified and Integrated Ticketing in Public Transport](#)

<sup>18</sup> Fenland District Council (2022) [Draft Local Plan](#)

<sup>19</sup> Cambridgeshire County Council (2023) Fenland Transport Strategy Consultation

<sup>20</sup> Cambridgeshire and Peterborough Independent Commission on Climate Change (2021) [Initial Recommendations](#)

<sup>21</sup> CPCA (2022) [Draft Local Transport and Connectivity Plan](#)

<sup>22</sup> Peterborough Telegraph (2023) [New £4 million grant to power relocation of Peterborough's bus depot](#)

## Cambridgeshire and Peterborough Bus Strategy

- 7.52 In response to the challenges and opportunities that the bus network faces, a draft Bus Strategy was formulated in 2022 and formally adopted in March 2023<sup>23</sup>. This seeks to reflect the ambitions of the National Bus Strategy and government's desire for local transport authorities to be ambitious in terms of the development of their local bus networks. Furthermore, the Strategy highlights how the bus network will need to grow and develop to support the goals and objectives of the LTCP.
- 7.53 The Strategy's vision is for a comprehensive network of bus services that people find convenient, easy to use, reliable and good value for money, which is inclusive and offers a viable alternative to the car. Five overarching goals define the vision and aims for the Bus Strategy to provide a bus network that:
- Attracts car users
  - Supports sustainable growth
  - Protects and enhances the environment
  - Supports community health and wellbeing
  - Creates opportunity for all
- 7.54 Success in achieving the vision will mean more travel by bus and less reliance on cars. This in turn will help maintain economic growth, care for the environment and improve quality of life. To realise the vision, the Strategy seeks to achieve several objectives:
- To deliver a comprehensive bus network, better connecting people to places across the region and beyond.
  - To ensure that buses are part of an integrated and planned transport system.
  - To achieve a transition to a modern, low emission bus fleet.
  - To provide a more understandable bus network with clear information and easy ticketing.
  - To achieve an affordable bus network, with simplified and capped fares.
  - To reduce bus journey times and improve reliability.
  - To provide high quality passenger waiting facilities.
- 7.55 The Bus Strategy aims to achieve several key outcomes:
- A doubling of bus passengers (based on 2019/20 levels) by 2030.
  - By attracting car users to buses, contribute towards achieving a 15% reduction in car mileage and reduction in traffic congestion.
  - Provision of high-quality bus services that achieve high levels of satisfaction amongst customers.
- 7.56 The vision for a simpler and more comprehensive bus network is supported by the aims of being **Easy, Attractive and Convenient** for users. Delivery of this will be based on four principles:

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<sup>23</sup> CPCA (2022) [Bus Strategy](#)

- **Continuous cycle of passenger growth and service improvement** – where improved services attract more users, which increases revenue and improves viability and encourages further service enhancements.
- **Using the best operational model of provision to achieve the necessary step change in the most effective way** – given the scale of ambition and public sector investment necessary to achieve this, bus franchising is considered to offer an appropriate approach.
- **Partnership** - delivering an effective and attractive public transport service will rely on different parties working together from the private, public and voluntary sectors.
- **Integration** - whilst the Bus Strategy is all about the public bus network, it is intended that this be provided in the most effective and efficient way. The comprehensive and extensive nature of the bus network will mean that it should be able to cater for many different needs, including pupils going to school and patients attending hospital appointments. Therefore, the network will be planned to co-ordinate with those other more specialist types of transport, with the aim of achieving economies of scale and best use of all vehicle resources.

*Figure 7-3: The three aims of the bus strategy and their attributes*

CONVENIENT	<ul style="list-style-type: none"> <li>• Routes connecting to places and activities that people want to get to.</li> <li>• Services are available in all areas.</li> <li>• Direct routes with little deviation.</li> <li>• Frequent services with limited waiting time in-between.</li> <li>• Services are available all day and into the evening, every day.</li> <li>• Range of tickets to meet different needs.</li> </ul>
ATTRACTIVE	<ul style="list-style-type: none"> <li>• The network is simple and easy to understand.</li> <li>• Buses have a great public image, and everyone likes using them.</li> <li>• Services can be relied upon and run to time, without delay.</li> <li>• Cost of using a bus is considered good value for money, with targeted fares offers that incentivise some groups.</li> <li>• Buses run direct and quick.</li> <li>• Buses are clean, comfortable, and pleasant to ride on.</li> <li>• Services are well marketed and there is plenty of clear information in a range of formats, available via different media.</li> <li>• Waiting environments are attractive, offer seating and information, and people feel safe using them.</li> <li>• Pleasant and helpful drivers, able to assist when needed.</li> <li>• Zero emission buses, offering a quiet and smooth ride.</li> </ul>
EASY	<ul style="list-style-type: none"> <li>• A single understandable network that functions as one, with connecting services, branding, and system-wide ticketing.</li> <li>• Ability for people to transfer between bus and other travel modes (walk, cycle, e-scooter, car, coach, train).</li> <li>• A clear service offer, backed by a Passenger Charter.</li> <li>• Buses run at regular time intervals and with consistent frequencies.</li> <li>• Stable services with minimal changes, removing uncertainty and confusion.</li> <li>• Simple fares with payment through a range of methods.</li> <li>• A system that is accessible and can be used by all.</li> <li>• Plenty of information is readily available.</li> </ul>

Source: CPCA (2022) [Bus Strategy](#)

7.57 The Strategy highlights that, for the bus network to be a viable alternative to car travel and to achieve its aims, a significant uplift in what the bus can offer will be required. This will include the creation of a single, coherent, and comprehensive network; fast and reliable journeys; comfortable and safe travel; value for money fares; clear information at all points of the journey; and excellent customer service. Delivering on this is reflected in the actions of the Bus Service



Improvement Plan (BSIP). The CA formulated an initial BSIP document in October 2021. It set out the ambition to transform bus services across the region, both to improve connectivity and accessibility and help achieve significant modal transfer away from the car.

### Case for change

- 7.58 The CA and its partners have ambitious plans for economic growth. Transport has a significant part to play in helping to deliver this and in tackling wider issues of social inclusion and wellbeing. However, these ambitions cannot be met by car travel. Buses need to be at the heart of the region's transport system, as they offer an efficient use of road space and an effective and inclusive way of facilitating access for all. However, to fulfil that role, the bus network needs to be transformed. Whilst this poses a significant challenge itself, it is even more so when set against a backdrop of current decline.
- 7.59 The bus industry faces many challenges, and it is increasingly difficult for operators to provide viable networks. Consequently, more public sector funding is going into maintaining services. At the same time, there is significant ambition for buses (both nationally and locally) to achieve more for communities and to play a part in meeting wider social, economic, and environmental objectives. Responding to this requires step change improvements in all aspects of bus provision.
- 7.60 Consequently, change is necessary. Firstly, to stop further decline and then to embark on an ambitious programme of improvement to make the bus the mode of choice. This will require significant investment to kickstart a virtuous circle of improvement.
- 7.61 The Cambridgeshire and Peterborough Bus Strategy sets out the ambition for the bus network. The BSIP provides a plan of action to establish an enhanced bus network and provides the basis for different partners to help realise the ambition through joint working and the provision of funding. The case for change is founded on the need to deliver the ambitions of the Bus Strategy and to support sustainable and sustained growth and wellbeing of the region.
- 7.62 In common with all other areas of England (except London), Wales and Scotland, bus services in Cambridgeshire and Peterborough were deregulated in 1986 through the implementation of the Transport Act 1985. The intention of deregulation was to improve the passenger experience by means of increased efficiency from competition between operators to provide bus services.
- 7.63 Deregulation transferred much of the risk around bus operations away from the public sector to the private sector. In return for bus operators taking additional risk, much of the influence over bus services was removed from the public sector. This reduction in influence has limited the extent to which the public sector can depend on bus services supporting the delivery of its objectives.
- 7.64 Subsequent legislation, through to the Bus Services Act 2017, has changed the balance between local authorities and bus operators. The bus network in Cambridgeshire and

Peterborough is reliant on public sector funding, accounting for about 40% of overall network value. Yet, the CA only has direct influence over about 25% of the network in the form of supported services.

7.65 Current arrangements highlight a number of challenges:

- **Network enhancements** – Maintaining services is likely to require increased calls on public sector funding. Depressed patronage levels and rising costs are reducing the viability of services and reducing the ability of operators to invest or innovate. There is a retrenchment to the most profitable services and an aversion to looking for or testing new markets. Many areas have seen reductions in services, particularly the loss of evening and Sunday provision and reduced frequencies. Furthermore, the freedom for each operator to plan its own routes and timetables makes it difficult to achieve any coordination to facilitate interchange.
- **Fares and ticketing** – Each operator sets its own fares and ticket products, resulting in an overall confusing situation. Whilst a multi-operator ticket exists (in Cambridgeshire only), it excludes some services and commands a premium over the cost of operators' own tickets. Within the deregulated regime, the provision of subsidised fares is difficult to achieve, apart from through designated concessionary travel schemes or targeted promotions.
- **Bus fleets** – The capital cost of low and zero emission buses remains a barrier to fleet replacement. Furthermore, for rural and longer distance services, operators are concerned about the battery range of electric vehicles between charges. To date, investment in electric buses has been with public sector assistance. However, subsidy regime legislation constrains how a local authority can assist bus operators in replacing its fleet, particularly for commercial operations. Consequently, the CA has limited influence over how quickly a shift to zero emission vehicles might occur.
- **Customer experience** – This is affected by a range of attributes, including driver attitude, bus cleanliness and availability of information. There is variability in experience across the network. In particular, the provision of information is fragmented. Some operators provide comprehensive information in a range of media, others have ceased to provide printed materials.
- **Funding** – Bus services are funded from a range of different sources, including central and local government – bus subsidy, concessionary travel reimbursement, Bus Service Operator Grant (BSOG), as well as funding streams aimed at supporting the bus industry post-pandemic. A change of delivery model would start to allow funding streams to be consolidated to help create economies of scale and certainty, which would in turn achieve efficiencies across the network. In this way, services would be focused on delivering against a range of objectives (social, economic, and environmental), rather than merely by profitability.

7.66 The current delivery model has many flaws, which have been exacerbated by the COVID-19 pandemic. As such, there is a case for change. It is unlikely that without regulatory changes to the delivery of bus services the Cambridgeshire and Peterborough Bus Strategy could be delivered in full. If the significant improvements in the bus service offer to passengers set out in the Bus Strategy and BSIP are not secured, the extent to which the wider ambitions for the region can be realised will be constrained.

7.67 Consideration is being given to reforming the way bus services are provided across Cambridgeshire and Peterborough for several reasons, as summarised in the following table.



Table 7-1: The case for change

Key factor	Associated issues	Implications
Struggling commercial market for bus provision	Usage levels remain significantly down on those that existed pre-COVID, due to changes in travel behaviour.	<p>Low profit levels and inability to invest and innovate without additional public sector support.</p> <p>Continued spiral of decline in use and levels of service.</p> <p>Persistent service modifications as operators strive to achieve financial viability.</p> <p>Increased calls on public sector funding to help maintain services.</p> <p>Network fragmentation with a growing mix of operators, reducing public understanding of the network and more diverse fares and ticketing options (potentially involving higher costs to users).</p>
	Increasing costs of bus service provision.	
	Bus services are being maintained with public money (central and local government).	
	More services have become uncommercial and are either withdrawn or reduced, or in need of public sector support to retain them fully or partially.	
	As a result of the above, there is instability in the market and fragmentation of networks.	
	Congestion reduces bus journey speeds and creates operational inefficiencies.	
Increasing public sector financial support to maintain the bus network	An increasing number of bus services are reliant on public funding.	<p>Pressures on local government budgets.</p> <p>Difficult to determine whether any truly commercial services actually or potentially exist now.</p> <p>Desire for greater integration of budgets, resources, and service provision across different sectors – a Total Transport approach (advocated at Rural Bus Summit organised by Stagecoach in early 2023).</p> <p>Reflecting its increased financial inputs, the public sector wishes to exert more influence over the design and delivery of the network.</p>
	CPCA has levied a Mayoral precept specifically to raise funds to financially support bus services that would otherwise have been withdrawn.	
	Rising costs of other transport provision, such as home to school transport.	
	Desire to see efficiencies and economies of scale in the use of public funding across different types of transport through more integration.	
Ambition for significant bus network enhancements and more attractive service proposition	LTCP has target for 15% reduction in car mileage in response to climate emergency and rising congestion (with implications for constraining economic growth).	<p>Support for significantly enhanced bus network offering more routes to more places, more often and for greater parts of the day/week, backed by value for money fares and excellent travel comfort, safety, convenience, and service.</p> <p>Local authorities wish to achieve social, economic, and environmental objectives, rather than just commercial ones, albeit that the network needs to be affordable to the public purse and, therefore, be attractive to users to maximise fares revenue.</p>
	Adopted Bus Strategy (March 2023) reflects LTCP position and pushes for significant improvements in bus network.	
	Desire for a more integrated network, offering seamless travel to facilitate travel to a wider range of destinations.	
	Desire for a more consistent and identifiable network, reflecting the support of the public sector and local civic pride.	

	<p>Desire, where necessary, to subsidise fares to promote use amongst target users.</p> <p>Need for more bus priority to improve journey times and punctuality and achieve operating efficiencies.</p> <p>Ability to attract new or additional funding to support the bus network.</p> <p>More network stability and coordination to promote greater public confidence and encourage modal choice in favour of the bus.</p>	<p>Network should promote local identity and reflect public sector investment and interest.</p> <p>Achievement of operating efficiencies and greater value from public sector investment.</p>
Delivery of an enhanced and integrated bus network that is locally accountable	<p>Proactive and centralised planning and control of the network, rather than reacting to changes by various commercial entities.</p> <p>Ability to ensure that the network develops in line with overall Strategy and policy objectives.</p> <p>Coordinated approach to collating and directing resources and funding streams with an ability to draw partners together.</p> <p>Desire to hold operators to account locally.</p>	<p>Support for significantly enhanced bus network offering more routes to more places, more often and for greater parts of the day/week, backed by value for money fares and excellent travel comfort, safety, convenience, and service.</p> <p>Network development and provision is in line with overall strategy and ambition.</p> <p>Effective use of overall resources.</p> <p>Ability to deliver requirements through contract requirements rather than negotiation.</p> <p>Ability to hold operators to account through contractual requirements.</p>

- 7.68 Through discussions at the Bus Operator Forum, the CA and bus operators agree there is a need for action to increase bus passenger revenue through improving the perceived attractiveness of services. However, it is questionable how much more can be achieved under current arrangements. The scale and scope of change needed requires a delivery model that can achieve step change reasonably quickly and provide a consistent, comprehensive, integrated, and stable bus network that people can rely on.
- 7.69 The Bus Services Act gives the CA access to legislative tools which have the potential to address current market failures and the challenges which are constraining delivery of the Bus Strategy, in support of achieving its wider ambitions and objectives. Therefore, it is appropriate for the CA to carefully consider the likely contribution of each regulatory option available and to choose to implement whichever one has the greatest potential to achieve the changes required.

### The need for intervention

- 7.70 The 'Case for Change' above sets out the challenges that constrain the delivery of the Bus Strategy ambitions under current arrangements. Regulatory change would be justified to facilitate network coordination and service enhancements, an integrated system of network-wide fares and ticketing, and establishment of a common network identity.
- 7.71 A Local Bus Market Study<sup>24</sup> commissioned by the DfT in support of the Bus Services Bill (now Bus Services Act 2017) during its passage through Parliament, considered market trends, stakeholder objectives, and government interventions in the market. The report set out four potential sources of market imperfection or reasons why the market might not deliver bus services that provide the greatest level of passenger benefits. These are set out in the following table, along with their relevance to Cambridgeshire and Peterborough.
- 7.72 In response to these market imperfections, the Bus Services Act provides local transport authorities with additional tools to counter situations where the current deregulated model appears not to be the optimal regulatory structure.

*Table 7-2: Market imperfections and relevance*

Market imperfection	Description	Relevance to Peterborough and Cambridgeshire
Network economies	On the road competition between operators may lead to fragmented service patterns and complex ticketing arrangements	Bus network is uncoordinated, with operators specifying services to meet their own commercial objectives. CA has no control over changes and the timing of changes. A range of different ticketing options exist.
Misaligned incentives	Competitive environment discourages investment in infrastructure.	Investment in infrastructure has been limited. There has been limited levels of cooperation between operators to jointly pursue network improvements.

<sup>24</sup> Local Bus Market Study, Report to the DfT, KPMG, 2016

Lack of competition	A lack of effective, sustainable competition between operators could lead to higher fares, lower output, reduced service quality, reduced innovation and higher operator profits relative to those delivered by a more competitive market. A lack of effective competition could also lead to inefficiencies in the market for supported services.	Despite there being several operators in the area, there is limited on the road competition. The dominant operator in the area accounts for c. 80% of overall network mileage.
Wider economic, social and environment benefits	Bus services can generate wider economic, social, and environmental benefits which can mean that it is economically efficient to increase supply above the levels determined by the commercial market.	To realise the significant ambitions to reduce car mileage, boost bus patronage and reduce carbon emissions, coordinated action and greater public sector involvement in the bus market will be necessary.

### Question L2

The Strategic case says that reforming the bus market is the right thing to do to address the challenges facing the local bus market. Do you have any comments on this?

### Scheme objectives

- 7.73 The 'Case for Change' gave the rationale for changing the way bus services are planned and delivered to achieve the Bus Strategy ambitions. The Bus Services Act provides regulatory options to local transport authorities to help achieve such ambitions. These range from arrangements to foster greater collaboration through to bus franchising powers.
- 7.74 The Franchising Guidance requires the setting of objectives relating to what an authority is seeking to achieve, against which different options can be assessed. The CA has identified four main objectives that underpin its desire to consider different models of bus network delivery. Essentially, it seeks to adopt a model that will most effectively and efficiently deliver the ambitions of the Bus Strategy and maximise the benefits achieved. The objectives are set out below.

Table 7-3: Scheme objectives and their measurements

Scheme objective	Measurement of objective
Maximise the ability to achieve a significantly enhanced and integrated bus network as quickly as possible.	Quantitative measures such as total bus usage. Qualitative measures such as bus passenger satisfaction with various service attributes.
Maximise the contribution of bus services to the achievement of a range of wider economic, social, and environmental policy objectives and goals.	Monetised reductions in greenhouse gases and vehicle emissions from a greener bus fleet and reduction in car travel. Improved levels of access to work and training opportunities and the personal benefits that accrue from that.
Maximise bus user benefits in respect of coordinated service provision, integrated	Monetised passenger benefits and revenue which result from delivery of the Bus Strategy.

ticketing, service stability and information provision.	Non-monetised benefits from coordination and information improvements, including better integration with other modes.
Maximise the value for money and benefits from investment in the bus network.	Level of monetised benefits achieved from investment.

7.75 Clearly, for any new network delivery model to proceed, it must be affordable. Therefore, underpinning the main scheme objectives is one way to ensure that any approach adopted to deliver the future bus network across Cambridgeshire and Peterborough must be affordable.

### Options for the future

7.76 Recognising that the deregulated market may not always be the most effective delivery model to meet local authority aspirations, the Bus Services Act 2017 provides for potential interventions to modify the deregulated model introduced in 1986. The National Bus Strategy<sup>25</sup> subsequently clarified these options, making it clear that transport authorities are required to use either Franchising or an Enhanced Partnership to realise local bus service improvement ambitions.

7.77 This position has therefore determined what the options need to be for this Assessment for Cambridgeshire and Peterborough – either an Enhanced Partnership or Franchising. The only other variable then being the level of investment associated with each and the actual interventions and initiatives that would be introduced within those options.

7.78 This Assessment started with six scenarios, considered at a strategic level, whereby two delivery models (Franchising and EP) were each assessed against three levels of investment – low, medium and high. Following an initial sifting exercise, two options were taken forward for fuller assessment, Franchising and an EP, both with a medium investment level.

7.79 The six scenarios were considered in terms of their general feasibility. In the case of low investment, there would be little purpose in Franchising, as it would increase costs and risks for the CA, without achieving the strategic benefits of network improvements. Therefore, this option was not considered further. If low investment was the likely scenario, there would be a need to have at least an EP in place.

7.80 In the case of high-level investment, it is more likely that the CA would wish to exercise greater control over the deployment of funding to ensure delivery of its ambitions; this would rule out using an EP. However, at this time, it is unlikely that a high-level investment would be affordable, so that option was dismissed. Consequently, it was concluded that the most likely and practical scenarios were:

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<sup>25</sup> DfT (2021) [“Bus Back Better”, National Bus Strategy for England](#)

- Mid-level investment with an EP (around £10 million capital investment, plus £600,000 per annum for running costs and additional bus service support starting at £7.5 million in the first year).
- Mid-level investment with Franchising (around £41 million capital investment, plus £1.4 million per annum for running costs, and additional bus service support starting at £8.5 million in the first year).

7.81 The CA Board agrees that a move to one of these scenarios must happen and that ‘doing nothing’ is not an option. The Assessment considers each of the scenarios, to inform a decision on the future governance of buses in the area. The National Bus Strategy requires that all local transport authorities should adopt either an EP or Franchising, with subsequent guidance that government funding for local authorities and bus operators in their areas could be jeopardised without one of these in place. Therefore, doing nothing would damage the CA’s reputation and credibility, reduce funding opportunities and would not tackle the challenges of current bus provision. Furthermore, it is likely that bus operators and other interested parties would put pressure on the CA to do something.

*Table 7-4: Option descriptions*

Category of power	Description and discussion	Possible application
Enhanced Partnership (EP)	<p>Mutual agreement between operators and transport authorities on a vision for future public transport (an EP Plan) and a suite of associated actions (EP Schemes), potentially encompassing vehicle specifications, branding, payment/ticketing, real-time information, and timetables. Once agreed, these standards become requirements of all bus services operating in the relevant area, whether new or existing.</p> <p>Successful application of an EP requires a level of consensus between bus operators in order to be supported.</p> <p>The local authority can, in certain circumstances, also become responsible for registering local bus services - taking on responsibilities from Traffic Commissioners - and enforcing those standards.</p> <p>Likely to be most useful where it is important that all bus operations meet the same standards. Whilst the intention is to achieve consensus and agreement, some operators may resist a partnership and require to be compelled to participate, where registration and enforcement is seen as being valuable, and where a wide geographical scope is envisaged.</p> <p>Can determine the area it applies to, dependent on what the partners wish to achieve.</p>	<p>If supported by partners (i.e. bus operators and other interested stakeholders) – could support many of the proposed interventions with CPCA providing infrastructure, administrative back-office support and targeted public funding set out in EP Scheme.</p> <p>In return, operators would commit to meet minimum timetable and vehicle standards, and participate in suitable holistic ticketing/payment arrangements, under a common brand and identity.</p> <p>To maximise the effectiveness of the EP Scheme delivery, CA would assume responsibility for local bus service registration and enforcement.</p> <p>Can be a defined area or the whole authority area.</p>

Category of power	Description and discussion	Possible application
Franchising	<p>In a Franchising Scheme, local authorities will determine the details of the services to be provided – where they run, when they run and the standards of the services.</p> <p>Typically, bus operators provide their services under contract to the local authority who can let whatever sort of contract they feel is appropriate. No other services can operate in the franchised area without the agreement of the franchising authority.</p> <p>Franchising is only available to Mayoral Combined Authorities (or otherwise as agreed by the Secretary of State) – power is therefore automatically available to CA.</p> <p>Can be for a narrowly defined area or the whole local authority area.</p>	<p>Given the vision for a holistic, multi-modal approach to future rural transport delivery (i.e. not restricted to existing conventional arrangements), franchising offers the ability to take a holistic approach to the designing, planning and provision of a consistent and comprehensive bus network, including network-wide ticketing, aimed at meeting local social, economic, and environmental objectives. It provides an effective way of delivering the step change improvements sought.</p>

7.82 The main differences between what it would mean to deliver bus services either under an EP or Franchising are summarised below. Under Franchising the authority has ultimate control over the planning and provision of the network, whereas an EP requires authorities and bus operators to work closely together and, through negotiation, commit to deliver infrastructure and services to agreed levels, keeping within Competition and Markets Authority (CMA) guidelines in respect of maintaining competition in the market.

*Table 7-5: Differences between EPs and Franchising*

Enhanced Partnership	Franchising
Control supported services only; some influence over wider network (e.g. regulating headways)	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
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

## Assessment of options

7.83 Both Franchising and EP could achieve some or all the objectives for bus services. Table 7-6 summarises which attributes would be achieved by which option and to what extent.

Table 7-6: Summary of attributes under both options

Attributes <sup>26</sup>	Enhanced Partnership	Franchising
Network-wide planning and coordination	√	√√
Network stability – routes / service levels		√√
Network stability – service changes and when	√	√√
Service coordination and interchange	√	√√
Regulating/managing headways on parallel services	√	√√
Increasing service frequency	√	√√
Extending services by time of day or day of week	√√	√√
Improved service reliability	√√	√√
Implementation of bus priority measures	√√	√√
Integration with dedicated transport services	√	√√
Coordinated timing and levels of fares changes		√√
Restricting types/number of fares products	√	√√
Through fares/ticketing between services	√	√√
Multi-operator network ticketing	√√	√√
Fares discounts/subsidies	√	√√
Introduction of zero emission vehicles	√√	√√
Consistent vehicle layout and standards	√	√√
Consistent on-board systems/equipment	√	√√
On-vehicle audio-visual information/announcements	√√	√√
Common vehicle livery	√	√√
Network branding	√	√√
Coordinated route numbering	√	√√
Comprehensive information provision (including website, timetable leaflets/booklets)	√√	√√
Real time information	√√	√√
At-stop timetable information displays	√√	√√
Improved/consistent bus stop flags	√√	√√
Improved bus stations, stops, shelters	√√	√√
Regulating use of bus stops (slot booking)	√	√√
Consistent driver training		√√
Standard driver uniform		√√
Passenger charter	√√	√√
Passenger compensation	√	√√
Reinvestment of efficiency savings into network	√	√√

<sup>26</sup> Not all of these are currently proposed for implementation

7.84 This summary suggests that Franchising would best meet the ambitions for the delivery of the bus network.

#### Question L3

The Strategic Case has identified two options under which buses might run - an **Enhanced Partnership** or **Franchising**. Are there other options you would have liked to have seen considered?

### Overall objectives

7.85 The Bus Strategy objectives highlight the intentions to deliver an improved network of bus services that are convenient, attractive, and easy to use. Meanwhile, the bus reform objectives aim to promote the ability to achieve the Bus Strategy objectives through the most efficient and effective means, providing the greatest level of overall benefit and value. This is illustrated in the following figure.

Figure 7-4: Bus Strategy Objectives

<b>Bus Strategy Vision</b>	<b>Provision of a comprehensive network of bus services across Cambridgeshire and Peterborough that people find convenient, easy to use, reliable and good value for money and which offers a viable alternative to the car.</b>				
<b>Bus Strategy Goals: A bus network that...</b>	<i>...attracts car users</i>	<i>...supports sustainable growth</i>	<i>...protects and enhances the environment</i>	<i>...supports community health and wellbeing</i>	<i>...creates opportunity for all</i>
	↓	↓	↓	↓	↓
<b>Bus Strategy Objectives</b>	<b>Contribution to Bus Strategy aims</b>		<b>Bus Reform Objectives</b>		
To deliver a comprehensive bus network, better connecting people to places across the region and beyond	Convenient Easy		Maximise the ability of CPCA to achieve a significantly enhanced and integrated bus network as quickly as possible		
To ensure that buses are part of an integrated and planned transport system	Convenient Easy				
To achieve a transition to a modern, low emission bus fleet	Attractive		Maximise the contribution of bus services to the achievement of a range of wider economic, social and environmental policy objectives and goals		
To provide a more understandable bus network with clear information and easy ticketing	Attractive Easy		Maximise bus user benefits in respect of coordinated service provision, integrated ticketing, service stability and information provision		
To achieve an affordable bus network, with simplified and capped fares	Attractive Easy				
To reduce bus journey times and improve reliability	Convenient Attractive		Maximise the value for money and benefits from investment in the bus network		
To provide high quality passenger waiting facilities	Attractive				
↓ ↓ ↓					
<b>Outcomes:</b>					
<b>Reduce car miles in the region by 15% by 2030</b>			<b>Double the number of bus passengers (based on 2019/20 levels) by 2030</b>		

7.86 Underpinning all considerations for change is an underlying objective that any future approach can only proceed if it is affordable.

## Question L4

Do you have any comments on the Combined Authority's overall objectives, as set out in the Strategic Case?

### Achieving the objectives

- 7.87 The Bus Strategy sets out its ambitions to improve bus services and standards in support of achieving its wider policy and strategy objectives. The regulatory options considered involve trade-offs between the degree of influence which the CA has over delivery of the Bus Strategy and the costs and risks associated with their implementation.
- 7.88 The Bus Services Act requires that, where an LTA decides to consider Franchising of bus services in its area, an assessment needs to be developed to demonstrate that Franchising is the most suitable option to deliver its policy objectives and aims.
- 7.89 An EP does not require an assessment to be developed for its adoption or implementation. Indeed, for areas not considering Franchising, an EP is the expected delivery model. An EP is developed through a process of negotiation, with the parties deciding the acceptable levels of commitment that they will support. However, the CA would not be able to force operators to support an EP. Through the development of an EP, operators may object and, with support from enough operators, prevent the EP Plan and/or Scheme being made and coming into effect. As such, this may result in compromise to reach agreement.

### *Bus network enhancements*

- 7.90 The current bus network consists of a mix of commercial services (where operators take revenue risk) and supported services (operated under contract to the CA).
- 7.91 The adopted Bus Strategy and BSIP propose enhancements to the bus network, with additional services, amendments to existing services and frequency improvements in line with a standardised hierarchy of services setting out expected levels of service; also, greater coordination of services to provide connections.
- 7.92 **Additional supported services** could be introduced under either delivery option, constrained essentially by the levels of available funding. Under an EP, however, no part of an additional service could compete with a commercial service. This could constrain the specification, potential efficiency, and effectiveness of the additional services. Equally, reactive changes to supported services might be required in response to changes in commercial services.
- 7.93 **Amendments to commercial services** can only be made through negotiation and agreement with operators. The CA has no right to insist on changes. De minimis arrangements allow a limited mechanism to provide financial support for agreed changes, such as route diversions or additional journeys. Under an EP, this position is unchanged. Under Franchising, the CA would have the ability to make changes, with affordability the only constraint.
- 7.94 Under current arrangements, the CA does not have the ability to specify **standardised minimum service frequencies**. Under an EP there is potential to specify a standard pattern of

maximum service frequencies by time period, which would apply to all operators wishing to run services (subject to approval by the requisite number of operators to be implemented). Under Franchising, the CA would have the freedom to specify whatever levels of service it wanted (subject to affordability).

- 7.95 **Coordinating routes and timetables** of services under current arrangements is difficult to achieve, as operators have the freedom to change routes and times as they wish. Operators are incentivised to maximise revenue on their services, rather than overall public transport revenue. Therefore, making connections with other services may not be a priority. Under an EP, this position is largely unchanged, although the timing of any changes could be limited to certain dates each year. Under Franchising, the CA would be responsible for planning and managing the entire network, so could ensure the continued coordination of services. Furthermore, it should be able to achieve efficiencies in the deployment of resources, by removing service duplication and improving connections between services.

#### *Punctuality and reliability*

- 7.96 Bus service punctuality and reliability are concerns for both passengers and operators. The introduction of measures to speed up bus journey times, maintain reliability, and reduce the variability in journey times are central to the Bus Strategy. The introduction of such measures could be achieved under any delivery model. An EP would provide the opportunity for authorities to commit to such interventions, to incentivise and reward negotiated bus operator commitments (such as meeting certain vehicle standards). Under Franchising, the benefits of bus priorities would also accrue to the CA in terms of reduced operating cost to deliver a specified level of service.

#### *Support for wider policies and strategies*

- 7.97 Each of the delivery options has the potential to support the delivery of wider policy ambitions and objectives. Under an EP, periodic negotiations would allow variations to be made to the EP Scheme to maintain alignment with evolving policy. Under Franchising, the CA would have the freedom to review and amend the bus system to meet wider or revised policy objectives, subject to processes agreed within the contracts for franchised services.

#### *Bus depots and vehicles*

- 7.98 Under current arrangements, bus depots and vehicles are owned and run by operators, both on commercial and supported services. Many buses are diesel, although 40 electric vehicles have entered service, mostly assisted with third party support.
- 7.99 The Bus Strategy envisages a move towards more zero emission buses. Under both an EP and Franchising, the CA expects that operators would continue to maintain ownership and control of their depots and buses. In an EP, requirements for more zero emission vehicles would be negotiated, although the final date for compliance would probably be sometime into the future, with potentially longer given for small and medium operators. Under Franchising, the

pace of introduction of zero emission buses would be specified within contracts and limited only by the ability for the CA to meet the resultant contract costs.

7.100 In any scenario, the CA is interested in providing more depot capacity, to help ensure there are suitable facilities for zero emission buses, to facilitate new entrants to the market and to accommodate the larger number of buses required to provide the enhanced network. In the case of Franchising, it is intended to look at the provision of two new depots, one in the Peterborough area and one in the Cambridge area. These would help facilitate new entrants to the market, as well as increasing overall capacity.

#### *Fares and ticketing*

7.101 Currently, bus operators largely dictate fare levels and ticket products. There is little scope for the CA to influence these, apart from setting fares on supported services and in facilitating a multi-operator ticket. The Bus Strategy wishes to see a simpler fares and ticketing system, with a smaller number of standard products and fare capping.

7.102 Under an EP, some rationalisation of tickets could be achieved, although the right of operators to set single fares would remain. Equally, the setting of fares on supported services would still be influenced by commercial fares. The provision of subsidised fares under an EP is difficult to achieve outside of groups entitled under concessionary travel arrangements.

7.103 Under Franchising, the CA would have the ability to set standard fares across the network (including the maximum age and level of discount for young people) and a standard range of network-wide tickets.

#### *Customer experience*

7.104 Currently, there are differences between operators in respect of customer experience offered and information available. Each of the delivery options has the potential to standardise the offer, for example in terms of driver training and vehicle quality requirements or setting standards for the style, content, and sources of information. Under Franchising, the CA could also decide to specify common branding and identity for all bus services, to help provide a more consistent user experience.

### Delivering Bus Strategy objectives

7.105 The following summary indicates the extent to which the Bus Strategy objectives might be achieved through an EP or Franchising.

*Table 7-7: Bus Strategy Objectives and the options*

<b>Bus Strategy objectives</b>	<b>Enhanced Partnership</b>	<b>Franchising</b>
To deliver a comprehensive bus network, better connecting people to places across the region and beyond.	Operators retain the ability to make changes to services without approval of the CA.	Ability to plan and specify the entire network and dictate when/how changes are made to the network.
To ensure that buses are part of an integrated and planned transport system.	Operators still have the freedom to make changes to services, which might remove opportunities for	Overall network planned to facilitate interchange and avoid duplication of services.

	interchange. Agreement must be achieved to implement measures.	Fares and ticketing integration is a requirement.
To achieve a transition to a modern, low emission bus fleet.	Can be specified, but need agreement; therefore, may take longer to achieve.	Ability to specify requirements, subject to appropriate funding being available.
To provide a more understandable bus network with clear information and easy ticketing.	Can be specified, but needs agreement and may result in some compromises, including on ticket prices. Operators may still offer some of their own products, which could cause confusion for users.	Ability to specify the fares and ticketing products available across the network.
To achieve an affordable bus network, with simplified and capped fares.	Ability to control fares on supported service only. Some ability to agree targeted discount/concessionary fares.	Ability to set fares, even at significantly discounted rates, with applicability across the network.
To reduce bus journey times and improve reliability.	Ability to achieve this through bus priority and other initiatives.	Ability to achieve this through bus priority and other initiatives.
To provide high quality passenger waiting facilities.	Ability to provide improved passenger waiting facilities across the network.	Ability to provide improved passenger waiting facilities across the network.

7.106 The comparison shows how Franchising could help achieve the objectives around service planning, provision, and delivery more easily and effectively than under an EP, where everything needs to be negotiated and agreed. However, the provision of infrastructure and bus priority measures could be achieved equally under either model. However, there may be differences between what operators might provide to complement those investments. Under an EP they would have to be negotiated, whilst under Franchising they would be specified.

7.107 Table 7-8 shows how an EP or Franchising could support the policy ambitions of neighbouring authorities. Overall, Franchising within the CA area should not impact negatively on bus services in neighbouring areas. A Service Permit system will allow cross-boundary commercial services to continue as at present (in a deregulated environment, but with agreement to meet certain standards, such as multi-operator ticketing).

*Table 7-8: Neighbouring authorities – policy impacts of an EP or Franchising*

Authority	Enhanced Partnership	Franchising
Norfolk	<p>Neutral/minor impact.</p> <p>One strategic bus link – no impact on frequency/timetable.</p> <p>Potential to deliver improved information for cross-boundary services and introduction of multi-operator ticketing options.</p>	<p>Neutral/minor impact.</p> <p>One strategic bus link – no impact on frequency/timetable or ability to amend service.</p> <p>Ticketing reform may benefit cross-boundary travel.</p> <p>Service standards maintained through Service Permit requirements.</p>

Suffolk	<p>Some positive impacts.</p> <p>Several strategic bus links, with proposals to improve levels of service.</p> <p>Potential to deliver improved information for cross-boundary services and introduction of multi-operator ticketing options.</p> <p>Shared ambitions for zero emission vehicles and decarbonisation.</p>	<p>Some positive impacts.</p> <p>Several strategic bus links, with proposals to improve levels of service.</p> <p>Ticketing reform may benefit cross-boundary travel.</p> <p>Service standards maintained through Service Permit requirements.</p> <p>Shared ambitions for zero emission vehicles and decarbonisation.</p>
Essex	<p>Some positive impacts.</p> <p>One strategic bus link, with proposal to improve level of service.</p> <p>Potential to deliver improved information for cross-boundary services and introduction of multi-operator ticketing options.</p>	<p>Some positive impacts.</p> <p>One strategic bus link, with proposal to improve level of service.</p> <p>Ticketing reform may benefit cross-boundary travel.</p> <p>Service standards maintained through Service Permit requirements.</p>
Hertfordshire	<p>Some positive impacts.</p> <p>One strategic bus link, with proposal to improve level of service.</p> <p>Supports shared objective of improving bus infrastructure, passenger information and overall image of bus, linking with Intalink identity.</p>	<p>Some positive impacts.</p> <p>One strategic bus link, with proposal to improve level of service.</p> <p>Ticketing reform may benefit cross-boundary travel.</p> <p>Service standards maintained through Service Permit requirements.</p> <p>Supports shared objective of improving bus infrastructure, passenger information and overall image of bus, linking with Intalink identity.</p>
Central Bedfordshire	<p>Neutral/minor impact. Limited cross boundary service provision.</p> <p>Supports shared objective to generally improve bus services.</p> <p>Potential to deliver improved information for cross-boundary services and introduction of multi-operator ticketing options.</p>	<p>Neutral/minor impact. Limited cross boundary service provision.</p> <p>Supports shared objective to generally improve bus services.</p> <p>Ticketing reform may benefit cross-boundary travel.</p> <p>Service standards maintained through Service Permit requirements.</p>
Bedford	<p>Neutral/minor impact.</p> <p>One strategic bus link – no impact on frequency/timetable.</p>	<p>Neutral/minor impact.</p> <p>One strategic bus link – no impact on frequency/timetable.</p>



	<p>Shared objectives for information, ticketing, and promotional activities.</p> <p>Potential to deliver improved information for cross-boundary services and introduction of multi-operator ticketing options.</p>	<p>Shared objectives for information, ticketing, and promotional activities.</p> <p>Ticketing reform may benefit cross-boundary travel.</p> <p>Service standards maintained through Service Permit requirements.</p>
North Northamptonshire	<p>Neutral/minor impact.</p> <p>One strategic bus link – no impact on frequency/timetable.</p> <p>Shared objectives for general service improvements.</p> <p>Potential to deliver improved information for cross-boundary services and introduction of multi-operator ticketing options.</p>	<p>Neutral/minor impact.</p> <p>One strategic bus link – no impact on frequency/timetable.</p> <p>Shared objectives for general service improvements.</p> <p>Ticketing reform may benefit cross-boundary travel.</p> <p>Service standards maintained through Service Permit requirements.</p>
Lincolnshire	<p>Neutral/minor impact.</p> <p>Several strategic bus link – no impact on frequency/timetable.</p> <p>Shared objectives for general service improvements.</p> <p>Potential to deliver improved information for cross-boundary services and introduction of multi-operator ticketing options.</p>	<p>Neutral/minor impact.</p> <p>Several strategic bus links – no impact on frequency/timetable.</p> <p>Shared objectives for general service improvements.</p> <p>Ticketing reform may benefit cross-boundary travel.</p> <p>Service standards maintained through Service Permit requirements.</p>

### Question L5

Have you any comments on the potential impacts of either Franchising or an Enhanced Partnership on the achievement of the objectives of neighbouring authorities?

#### CPCA's unique position

7.108 The bus network in Cambridgeshire and Peterborough has experienced similar challenges to most other parts of the country, with struggling commercial services because of reduced usage post-COVID. The CA, along with other Mayoral Combined Authorities, is therefore exploring alternative delivery options for bus services. However, CPCA's geographical area is very different to the more urbanised metropolitan areas, which means that its bus network is also quite different.

- 7.109 The mainly urbanised areas have large, concentrated populations that are served by intensive commercial bus networks. Here, Franchising is attractive to be able to design and shape these networks differently, using revenue from the more commercial services to cross-subsidise other services or to fill gaps. With this comes huge responsibility and risk, overseeing major networks operated by many hundreds of buses.
- 7.110 CPCA's area consists of two modest urban areas, along with large rural areas with dispersed population. Therefore, intensive bus networks only exist in the more densely populated areas. Other areas are served by lower frequency commercial or supported services; some areas have little or no service. These different circumstances and challenges mean that the CA's interest in Franchising is about securing the ability to plan and deliver a more comprehensive, integrated network. Recognising that significant public funds will be needed to achieve this, Franchising will enable these funds to be directed efficiently towards achieving the wider objectives of the CA and its partners.
- 7.111 Whilst this will increase the responsibility and risk for the CA, the scale of this will be much less than in other areas that are considering franchising. Indeed, the Franchising Scheme envisaged by CPCA, is more balanced than elsewhere, with some responsibilities remaining with the bus operators. Therefore, Franchising would be more an extension of what is already being undertaken in terms of supported services, with the entire network operated under a series of contracts.

### Strategic Case conclusion

- 7.112 CPCA and its partners have bold ambitions for economic growth. It will be vital to ensure that this growth is environmentally sustainable and inclusive. Transport, and particularly the bus, has a significant role to play in this, which is recognised in the Local Transport and Connectivity Plan and Bus Strategy. Achieving a 15% reduction in private mileage, would see a doubling of bus passenger journeys by 2030. The scale of what is required is huge. Meanwhile, current bus services are declining.
- 7.113 A step change in the provision of the bus network is needed to deliver the ambitions of the Bus Strategy. Declining usage, withdrawals of key services and increasing levels of public subsidy indicate that the current services are failing to provide effectively for passengers. Current arrangements are unlikely to deliver the scale of change required. Further initiatives are needed, including network improvements; fares and ticketing initiatives; and fleet renewal, which are unlikely in an operating environment mainly driven by commercial objectives and priorities, and where there remains great uncertainty in the market.
- 7.114 The CA's Bus Strategy aims to deliver against a range of objectives – social, economic, and environmental. Therefore, it requires more influence on the outcomes to deliver the step change in bus services. A case for change therefore exists. Without regulatory changes to the delivery of bus services, the Bus Strategy could not be achieved in full and, for those limited aspects which could be delivered, has limited certainty around delivery.

- 7.115 There are significant uncertainties regarding bus provision, including the future costs of operating services. These will be present under all types of operating model and regardless of the level of investment. In all cases, more public funding will be necessary to maintain and enhance services, at least in the early stages until a virtuous cycle of growth and improvement can be established.
- 7.116 In parallel to the investment, the CA wishes to see greater control of the network (offered by Franchising) to have the greatest influence on how and where the investment is made, ensuring that its strategic objectives are met. As part of the enhanced bus network envisaged, are services with more even headways, new links established by deploying buses differently, and services that create interchange opportunities to widen the range of destinations available. Franchising offers the ability to strategically plan such a coordinated network and gain some added benefits over an EP model.
- 7.117 The two options (Franchising or EP) vary in their complexity, level of risk to the authority, and the level of influence that the CA would be able to exert in shaping bus services. Application of each option involves trade-offs, which the CA needs to assess against the potential to secure the delivery of its Bus Strategy. Franchising would be a bold step that would provide the CA with significant influence. It would have the potential for a significant beneficial effect in terms of meeting wider policy ambitions. It would offer a route to confident delivery of the Bus Strategy.
- 7.118 Anything to be taken forward through an EP requires the consent of the majority of those operators providing qualifying local bus services. Therefore, some of the aspirations of the CA may need to be compromised to achieve consensus and a solution through an EP. Franchising, however, would provide the CA with the power to specify all requirements for services.
- 7.119 The Franchising Scheme stands out as the more promising option for the CA due to its ability to provide greater control over strategic outcomes. The Strategic dimension, which is crucial for achieving the step change envisioned for the bus network and attaining broader ambitions, is better addressed by the Franchising model. This would enable the CA to achieve these goals more decisively and effectively. However, the performance of each option should be considered across all five business case dimensions.

## Economic Case

- 7.120 This section presents the economic appraisal of the different Bus Reform options. The purpose of the economic appraisal is to demonstrate the value for money (VfM) of the different options, alongside non-monetised impacts, and risks, under different scenarios. The economic case follows the DfT's Transport Analysis Guidance (TAG) and HM Treasury's Green Book, as well as considering data and studies on the UK bus market.
- 7.121 The Economic Case considers the Reference case ('Do nothing'), in which the CA continues to oversee bus services with a minimal level of intervention (as current) alongside the EP and Franchising options.

## Reference Case ('Do Nothing')

7.122 For the purposes of this Assessment, a representative 'Do Nothing' case was taken as being a continuation of the current deregulated market with a minimal Enhanced Partnership model in place. It is assumed that the CA will not make any capital investment. Nevertheless, the Reference Case demonstrates the CA's commitment to supporting bus services. Therefore, it does assume that it will continue to support the current level of service with increased subsidy.

## Enhanced Partnership

7.123 Under the modelled 'Do Something' Enhanced Partnership, the Authority will make some capital investments into the bus network and enhance the current level of service as much as it can. As well as enhancing the network, the CA will work with operators to introduce integrated ticketing, which will make it easier for passengers to use any bus service.

7.124 As part of the CA's commitment to improve bus services for passengers, and to make the area a better place for operators to run buses, it will also invest in bus priority measures to improve travel times and reduce operating costs.

7.125 All measures implemented as part of an EP would be subject to negotiation with operators and therefore contain a degree of uncertainty around the level of implementation. The assumptions modelled contain the CA's best estimates of the future at the point of assessment and have been designed as a comparator to a Franchising alternative.

## Franchising

7.126 Under the Franchising option, the CA will gain control over bus services in the area, including their planning, setting fares, and specifying service contracts. Note that services such as home to school transport would remain the responsibility of Peterborough City Council and Cambridgeshire County Council, but opportunities for co-ordination in this area could be more easily sought under Franchising. The CA will undertake a similar level of capital investment in the network as in an EP, including bus priority measures, the introduction of integrated ticketing and focus on bus performance in its contracts.

7.127 Due to the increased level of control under Franchising, the Authority will also take revenue risk from operators, and allow them to focus on delivering specified contracts in a cost-efficient manner.

## Desired and Proposed Bus Service Network

7.128 A central component of the 'Do Something' scenario is the enhancement of bus services. An ideal level of service is set out below, in line with the objectives of the Bus Strategy. This represents the desired frequencies for different categories of services.

*Table 7-9: Desired Service Frequencies*

	Service frequencies (minutes)
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Service category	Service type	Mon-Sat daytime (06:00-19:00)	Mon-Sat evening (19:00-midnight)	Sunday daytime (08:00-18:00)	Sunday evening (19:00-22:00)
Primary	Busway	10(North)/20(South)	20	20	60
	City	15	20	20	60
	Strategic	60	60	60	-
Secondary	City	30	60	60	-
	Town	60	-	-	-
	Link	60	-	-	-
Local	Feeder, local link and/or DRT	All operate, but perhaps for less duration and/or using fewer vehicles		-	-

## Modelling approach

7.129 At the core of the Economic Case, is the estimate of the impact of the two Do Something options, compared to the Reference Case.

7.130 The Do Something options are expected to mainly impact passengers, bus providers, other transport users, the CA, and Government. For each of these groups, the impact on costs, revenues, and socio-economic benefits (or costs) were modelled.

7.131 The structure of the economic model is as follows:

- External factors are considered for their impact on costs, demand and revenues. These include economic growth, inflation, population growth and car costs.
- Internal factors are considered for their impact on costs, demand, and revenues in the Reference Case. The main internal factor is the CA's subsidy of bus operators to maintain the current level of service.
- Internal factors are considered for their impact on costs, demand, and revenues in the two Do Something options (separately).
- Considering the difference in costs, demand and revenues, the economic impacts are estimated.

7.132 A spreadsheet model<sup>27</sup>, incorporating both the demand forecasting elements of the appraisal and the economic appraisal, was developed to support the Assessment. To ensure consistency between the different elements of the business case, the same spreadsheet also incorporates relevant elements of the Financial Case. 2024/25 was used as the base year.

7.133 Within the model, demand was forecast using an elasticity approach, on a service-by-service basis. For each service, the forecast usage was influenced by changes in frequency, operating hours, ticket price and journey time. Consideration was also given to the potential impact of new major land use developments on demand.

<sup>27</sup> TUBA-equivalent <https://www.gov.uk/government/publications/tuba-downloads-and-user-manuals>

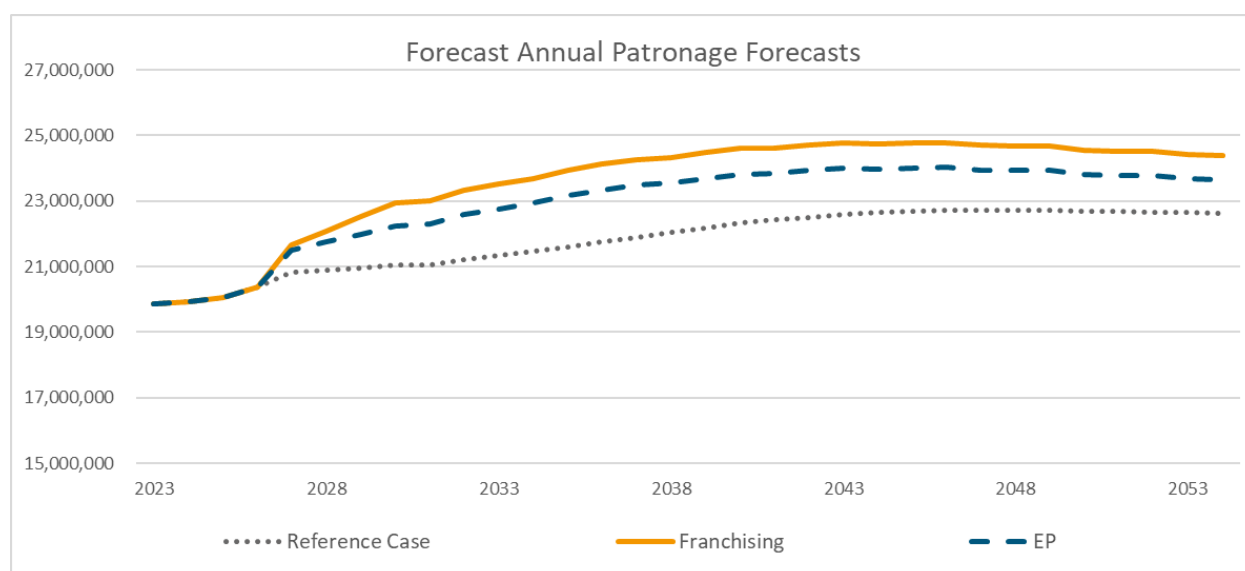
7.134 Forecast fares revenue was calculated based on average fares per passenger for each different service type.

7.135 The costs of providing bus services were calculated using an average cost per mile approach, again related to different types of services. These were applied across the total miles involved in providing each service at a particular level of service.

### Summary of demand forecast

7.136 Bus usage forecasts are shown below. These show that in the early years bus usage (patronage) is forecast to grow significantly as a result of population growth related to developments and the impact of investments in the bus network. This will level off in the middle years as the impact of increasing fares takes effect. In the later years patronage is forecast to start falling again, in the absence of further initiatives or actions.

Figure 7-5: Comparative bus patronage forecasts (2023 – 2054)



### Cost modelling

7.137 Costs for the different options were assessed under three main categories:

- Bus operating costs (including profit and quality incentive where applicable)
- Capital costs – including bus priority measures, bus stops and shelters, and provision of bus depots.
- Institutional costs – including legal and technical advisor fees, procurement costs, and additional staff and IT costs.

### Impacts

7.138 The interventions introduced in the different options will generate user benefits. These include:

- Savings in perceived and actual travel time using bus services.

- Transfer of some trips from car to bus, with resultant reductions in congestion, infrastructure, maintenance, accident, local air quality, noise and greenhouse gas costs.
- Increased revenue from fares, due to increased usage.
- Changes in direct and indirect tax revenues, such as fuel duty and VAT.
- Regeneration through improved connectivity.
- Wider economic benefits, such as access to employment and business productivity.
- Environmental impacts, including noise, air quality, greenhouse gases.
- Societal impacts, including less congestion, bus user benefits, physical activity, journey quality, accidents, security, access to services, affordability and severance.

## Value for money assessment

7.139 Value for money is based on two measures:

- Benefit-Cost Ratio (BCR) – is the relationship between total benefits and total costs, demonstrating the extent to which benefits outweigh costs. For example, a BCR of 2:1 indicates that for every £1 of cost there is a benefit of £2.
- Net Present Value (NPV) – is the amount that the total assessed value of benefits exceeds the total assessed value of costs.

Table 7-10: Summary of Monetised Costs and Benefits<sup>28</sup>

Analysis of Monetised Costs and Benefits (2010 £m)	Franchising	Enhanced Partnership
Noise	0.16	0.11
Local Air Quality	-0.11	- 0.14
Greenhouse Gases	-4.53	- 4.80
Journey Quality	-	-
Physical Activity	-	-
Accidents	2.46	1.75
Economic Efficiency: Consumer Users (Commuting)	120.53	83.77
Economic Efficiency: Consumer Users (Other)	173.93	116.87
Economic Efficiency: Business Users and Providers	13.73	11.58
Wider Public Finances (Indirect Taxation Revenues)	3.65	3.64

### OVERALL IMPACTS

Present Value of Benefits (PVB)	309.82	212.78
Present Value of Costs (PVC)	121.75	89.45
<b>Net Present Value (NPV)</b>	<b>188.06</b>	<b>123.32</b>
<b>Benefit to Cost Ratio (BCR)</b>	<b>2.54</b>	<b>2.38</b>

7.140 The NPV of Franchising is £188m and higher than the EP NPV of £123m. The BCR of Franchising is 2.54 compared to 2.38 for the EP. This demonstrates that Franchising offers greater value for money than an EP. This reflects the fact that under Franchising, interventions can be introduced more comprehensively and with more certainty due to the overall

<sup>28</sup> Detailed explanations of the benefit categories shown in this table can be found in TAG UNIT A1.3, User and Provider Impacts

management and control of the Combined Authority. Also, the bus network will be more coherent and integrated, being planned as a whole.

#### Question L6

Do you have any comments on the impacts of introducing the proposed **Franchising Scheme or the alternative of an Enhanced Partnership?**

Table 7-11: Economic Appraisal Results

(£millions, 2010 prices, PV)	PVC	PVB	BCR	NPV
Franchising	£21,753,889	£309,815,819	2.54	£188,061,929
EP	£89,452,562	£212,775,801	2.38	£123,323,238

#### Economic Case conclusion

- 7.141 Both EP and Franchising show advantages against the ‘do nothing’ case. They both generate benefits (both monetised and non-monetised) in relation to social, environmental, and economic outcomes. The distribution of these benefits could be further influenced by the CA if the proposed network was to be implemented under a Franchising scenario, to ensure benefits from investment and enhancement target those who are likely to gain most.
- 7.142 The monetised results of this economic case show that investing in bus services across the CA region could represent high value for money, with potential for a return on investment and a positive benefit cost ratio above 2.
- 7.143 The assessment suggests that investment in buses would provide good value for money whichever operational model is used, but that Franchising provides opportunity to realise further benefits above those estimated for an EP model.

#### Question L7

The Economic Case says that Franchising offers better value for money to the Combined Authority than an Enhanced Partnership. Do you have any comments on this?

#### Commercial Case

- 7.144 The Commercial Case sets out the commercial proposition of the options.
- 7.145 The CA has established six commercial objectives for this Assessment. These build on the policy and scheme objectives set out in the Strategic Case and relate to the commercial aspects of control, value, competition, and risk.
- 7.146 The commercial objectives are as follows:
- **Public sector influence** – the CA wishes to ensure that its investment will support its intended outcomes and ambitions. This will be achieved through a delivery model that



provides sufficient influence over bus network outcomes to achieve desired policy objectives and user benefits.

- **Best value** – The delivery option should be able to demonstrate how it can achieve the best combination of cost and quality in delivering the desired bus network, and which will in turn contribute to passenger affordability.
- **Competition between bus operators** – The delivery option should be commercially viable for operators and encourage competition on a ‘level playing field’ basis between operators. The model should enable the participation of small and medium operators, as well as new entrants.
- **Appropriate risk allocation** – The delivery option should allocate risks to the public and private sectors in accordance with their capability of managing them. Risk allocation will be across several areas, including fare revenue risk, operating cost risk, service standards and asset provision.
- **Ease of implementation** – The delivery option must be practical to implement and sustainable over time.
- **Recovery and flexibility** – The delivery option must allow the CA to manage the network effectively, including during times of disruption.

#### Question L8

The six commercial objectives set out above have been used to compare the performance of Franchising and an Enhanced Partnership. Do you have any comments on these objectives?

7.147 The way these commercial objectives meet or support the achievement of the wider strategic objectives is summarised below.

Table 7-12: Strategic and Commercial Objectives

Strategic objectives	Commercial objectives
Maximise the ability of CPCA to achieve a significantly enhanced and integrated bus network as quickly as possible	Public sector influence Ease of implementation Risk allocation
Maximise the contribution of bus services to the achievement of a range of wider economic, social, and environmental policy objectives and goals	Public sector influence Ease of implementation
Maximise bus user benefits in respect of coordinated service provision, integrated ticketing, service stability and information provision	Public sector influence Risk allocation Ease of implementation Recovery and flexibility
Maximise the value for money and benefits from investment in the bus network	Best value Competition Risk allocation

## Current bus market

7.148 A deregulated bus market currently exists, which is much the same across England, Scotland and Wales, apart from London and Greater Manchester.

7.149 In the deregulated environment, private sector bus operators can decide what bus services they wish to operate, including route, timetable and fares. Once registered with the Traffic Commissioner, they operate the services in accordance with the registrations. Operators provide bus services commercially and compete for passengers based on the quality of service provided and the fares charged for journeys. Services can be varied or cancelled by giving the required amount of notice to the Traffic Commissioner.

7.150 Where authorities consider there to be a gap in service provision or inadequate service to meet local needs, they can choose to financially support additional bus services. Requirements are specified and, through competitive procurement, operators are awarded contracts to provide those additional services. These services should not compete with commercial services.

7.151 Features of the Cambridgeshire and Peterborough bus market include:

- Buses run about 69,000 km per day, of which 88% is provided on a commercial basis by operators; the remainder is provided with local authority support<sup>29</sup>.
- Stagecoach provides city bus networks in Peterborough and Cambridge, Park & Ride services in Cambridge, guided Busway services between St Ives and Cambridge, along with other interurban and rural services. As of February 2023, Stagecoach operated 72% of overall bus mileage.
- Cross-boundary commercial services are provided by Delaine (Bourne – Peterborough), First (Peterborough – King’s Lynn – Norwich) and Stephenson’s (Newmarket – Cambridge).
- Several other operators provide mainly supported services under contracts and de minimis agreements with CPCA. The ‘Universal’ service in Cambridge, operated by Whippet, is supported by Cambridge University.
- Concessionary travel reimbursement to operators amounts to about £9.5 million p.a. Journeys under the concessionary fares scheme account for 20% of all passenger journeys.
- About 20 million passenger journeys are made per year (compared to 29.3 million in 2018/19). There is an average of 24.6 passenger journeys per head of population p.a. across the region.
- In addition to the bus network, community-based minibus and volunteer car schemes operate throughout the area, providing for more specialist or individual needs.

7.152 The following table assesses the commercial risks associated with the current bus network arrangements and the steps that the CA can take to mitigate these.

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<sup>29</sup> Based on data provided by operators

Table 7-13: Assessment of current commercial risk

Risk	Mitigation
Unable to achieve scale of ambition for enhanced bus network, with increased service frequency, connectivity, and connections, as it is dependent on significant coordination and collaboration that cuts across existing commercial provision.	Take a more gradual approach and seek to negotiate certain changes and improvements. Encourage operators to buy-in to the overall plan and make changes to commercial services accordingly.
Failure to deliver network initiative due to continued fall in patronage and increasing costs - this could put current service levels at risk if supported services requirements grow.	Monitor operators' services regularly and maintain open dialogue with them to identify actions to support patronage and mitigate costs.
Failure to deliver fleet ambitions if operators are unwilling to invest in zero emission buses.	DfT subsidies may continue to be available (ZEBRA funding). Otherwise, CA may need to find ways of incentivising operators to invest in zero emission buses.
Failure to deliver fares and ticketing ambitions, due to challenges in negotiating pricing and range of multi-operator tickets with operators.	Use existing powers to achieve multi-operator ticket range.
Reputational risk for CA in not delivering the ambitions of improved bus services as set out in the Cambridgeshire and Peterborough Bus Strategy.	Maintain on-going engagement with customers to ensure services continue to meet their needs.  Work with operators to improve bus services to achieve small steps towards the overall ambition.
Lack of market interest in the provision of supported services.	Continued engagement with market to understand interests, and design contracts accordingly.
Service disruption from continued instability in the market and consequent service changes or operators withdrawing from the market.	Regular dialogue with operators.  CA to develop contingency plans to deal with any resulting disruption.

7.153 Table 7-14 gives a summary assessment of current bus arrangements against the CA's commercial objectives. Red indicates an unlikelihood of meeting the objective; amber indicates that the objective could be met, albeit with some challenges; and green indicates that the objective could be met.

Table 7-14: Assessment against current commercial objectives

Commercial objective	Description	Rating
Public sector influence	<p>The ability to achieve the ambitious step change envisaged would be impossible under current conditions.</p> <p>Under current arrangements, interventions in the commercial bus market are through negotiation and may require compromise.</p> <p>Operators are risk averse and unlikely to introduce interventions without compensation.</p> <p>Most interventions are taken forward on a voluntary basis and so some operators may not participate.</p>	

Commercial objective	Description	Rating
	<p>Operators' ambitions are not always aligned with public sector ambitions.</p> <p>The requirement for public sector financial support for bus services since the pandemic indicates how little commercial viability there is in the market. The public sector has taken on a higher level of risk than previously, but without gaining greater control of the network.</p>	
Best value	<p>Operators can choose to stop running services or reduce them, which can add pressure on public sector budgets for more supported services.</p> <p>Tendering for replacement services can be reactive, with little ability to plan ahead in a coordinated way, resulting in loss of economies of scale or the ability to get value for money from operators in their tenders.</p> <p>The CA's budget is focused on just the supported bus services, rather than achieving overall optimisation of the network.</p>	
Competition between bus operators	<p>Deregulated model is based on commercial competition for passengers on-street. However, no such competition exists. There is little incentive to compete in this way, particularly with the market dominance of one operator.</p> <p>Some competition exists for supported services.</p>	
Appropriate risk allocation	<p>Operators can withdraw services when they are no longer commercially viable. In response, the CA will consider whether to reinstate those services, subject to having sufficient funding. Use of funding on these services may mean other services can no longer be funded.</p> <p>The requirement for public sector financial support for bus services since the COVID-19 pandemic indicates how little commercial viability there is in the market. The public sector has taken on a higher level of risk than previously, but without gaining greater control of the network.</p>	
Recovery and flexibility	<p>Mechanisms put in place to help the bus sector recover following the COVID-19 pandemic were not helpful in restoring any confidence back into the sector. They were relatively short term and still provided no contractual obligations over operators; CA had no greater control over the shape of the network or actions taken by operators.</p>	

7.154 On the basis of the above assessment, current arrangements are not suited to the delivery of the CA's ambitious plans to transform the bus network, essentially because the authority has insufficient influence or control and the necessity to have to negotiate the introduction of any initiatives. Equally, the current market offers limited competition, meaning that there is no certainty that the CA can achieve value for money through any interventions it makes.

## Potential Franchising

7.155 A move to a franchised bus network represents a significant change, with the ability for the CA to exercise significant influence across all aspects of bus network design and service provision.

7.156 The model of franchising envisaged is different from that found in London or the one recently introduced in Greater Manchester. Rather than controlling and managing all aspects and assuming all risks, the CA will look to share responsibilities and risks with operators, working collaboratively to define and design provision and incentivising operators to increase usage and benefit from increasing revenue. This approach is like models of franchising found elsewhere, such as in the Netherlands or Jersey, and is more appropriate to the needs of Cambridgeshire and Peterborough.

7.157 It is intended that the Franchising Scheme will cover the whole of the area within the boundary of the CA. This will provide consistency of provision across the area, along with stability and the ability to promote the network as a single entity or brand. The ability to plan and manage services across the whole area will maximise opportunities for service integration through timetabled connections and interchange, and area-wide, comprehensive fares and ticketing products.

7.158 All local bus services operating wholly within Cambridgeshire and Peterborough will be governed by the Franchising Scheme, with a few exceptions:

- Schools or works registered local bus service that are not currently eligible for Bus Service Operator Grant.
- Services operated under section 22 of the 1985 Transport Act.
- Tourist sightseeing tours.
- Services that are fully funded and arranged by a third party, such as the Universal service operated under contract to University of Cambridge.

7.159 With regards to cross boundary services, the following will **not** be included in the Scheme and will be able to operate under Service Permits:

- Services operating under contract to neighbouring local transport authorities.
- Services with more than 90% of their registered mileage in a neighbouring area.
- Commercial services that largely serve markets outside of the Cambridgeshire and Peterborough area.

7.160 Services that operate mainly in Cambridgeshire and Peterborough, but cross the boundary into neighbouring authority areas, such as Newmarket, Haverhill and Saffron Walden, will be included within the Franchising Scheme and managed by the CA collaboratively with the appropriate neighbouring authority.

### Question L9

Do you have any comments on the draft Franchising Scheme covering the entire Cambridgeshire and Peterborough Combined Authority area and including all bus services, apart from those excepted?

- 7.161 The CA envisages having a bus network that is provided by several bus operators. It considers there should be opportunities for operators of all sizes, including small and medium companies. The intention is to encourage competition for contracts by maintaining a vibrant marketplace with contract opportunities set in a staggered programme of introduction and end.
- 7.162 The CA will ensure that opportunities remain for existing operators in the area, as well as encouraging operators from outside. The franchising approach will offer a stable environment in which operators can plan and manage their businesses in the knowledge of having secure work for a suitably long period of time.
- 7.163 To open the market to more competition, help new entrants to the market and encourage small and medium sized operators to bid, services will be included in a number of geographically based packages, with requirements ranging from 1 to about 60 buses. This will provide some balance in terms of the ability to achieve economies of scale, but also some market flexibility.
- 7.164 It will be possible for larger operators to include sub-contractors in their bids, to operate particular elements of service where that would be appropriate.
- 7.165 Larger packages of services will be based in the Cambridge and Peterborough areas, plus the Cambridge Busway. The city packages are likely to include a mix of different types of services (urban, rural and park & ride), which will allow for cascading of buses from one service type to another, meaning that different ages of vehicles can be deployed on different services or groups of services within the contract. Maximum ages of buses will be specified for each service at particular milestone dates.
- 7.166 A reasonable number of other services will be included in smaller packages, including single route contracts, with requirements of between 1 and 10 vehicles. Given the different nature of demand responsive services, these will be packaged separately from fixed route services.
- 7.167 As well as being able to tender for the bigger packages of services, larger operators will be able to tender for smaller packages, as the services might interwork or dovetail with wider operations and provide economies of scale. However, there will be restrictions on the number of smaller contracts awarded to a single operator and the number of smaller contracts awarded to large operators, to ensure that opportunities continue to exist for small and medium sized operators.
- 7.168 Franchising arrangements will be phased in over a 2-year period, providing two separate opportunities for operators to tender. The first procurement exercise will cover the Greater Cambridge Travel to Work area; the second being the remaining area of north Cambridgeshire and Peterborough. Following the award of contracts there will be a mobilisation period of at least 8 months, allowing time for operators to get appropriate arrangements in place for the commencement of the contracted services and, where appropriate, transition away from the

previous deregulated environment. The first services to operate under franchise contracts are proposed to be introduced in September 2027.

#### Question L10

Do you have any comments on the proposed timescale for introducing franchised bus services?

7.169 The CA wants to encourage network stability, with security for operators to enable them to invest in services and be incentivised to develop services and increase ridership. This is particularly true given the desire for operators to be responsible for purchasing or leasing their own bus fleets. Therefore, it is envisaged that contracts will initially be awarded for periods of up to 7 or 8 years, with a potential to extend for a further 1 or 2 years based on good service performance.

#### Question L11

Do you have any comments on the proposed duration of franchise contracts being for 7 or 8 years?

7.170 Each of the larger contracts will include a requirement for a mix of different aged vehicles, including a requirement for some to be replaced with new ones by specified milestones through the contract period. This will help maintain a balanced fleet age profile, as well as spreading investment requirements for operators.

#### Question L12

Do you have any comments on the way the Combined Authority would approach procuring contracts, including the packaging of services into contract lots, under the proposed Franchising Scheme?

#### Question L13

Do you consider that the proposed way of introducing Franchising takes account of the needs of small and medium sized bus operators, such as in providing suitable contract opportunities?

7.171 The aim will be to stagger contract reviews and procurements, to spread the workload for CA staff and the administration involved in the procurement exercises. Equally, annual reviews of all services will need to be considered.

7.172 It is likely that changes to services will need to be made during the contract period. Therefore, contracts will have some flexibility built in to accommodate changes of route, timetable or other service attributes. This may be necessary to respond to areas of new development, changing demand and revenue, or to facilitate interchange with other services. Any significant mid-contract changes to services will be agreed within set procedures and governance arrangements, through a formal contract variation mechanism. Where necessary, changes might also need to be subject to public and/or stakeholder consultation.

7.173 Minor changes to contracts will be dealt with on the basis set out as part of the original procurement process and service specification (e.g. cost variation for significant change in operating time or vehicle km). Contracts will have a built-in annual price increase to take account of inflation.

7.174 Any significant growth in overall bus fleet required to enhance the bus network will require additional bus depot capacity across the area. To provide opportunity for robust competition the CA will provide depot facilities for the three main lots that will be let (2 in Cambridge, 1 in Peterborough). Facilities may be shared by different operators. The CA will not provide depot facilities for the smaller lots.

7.175 Any CA-provided depots will be in addition to those depots owned and/or used by bus operators. There is no intention to compulsorily purchase any existing depots from operators.

#### Question L14

#### Do you have any comments on the approach to bus depots under Franchising?

7.176 The CA will pursue consistency in the design and look of vehicles deployed across the area, with passengers able to experience similar levels of quality and comfort regardless of operator. This may include the provision of colour schemes or design features specific to Cambridgeshire and Peterborough.

7.177 Operators will be able to retain control and ownership of their own vehicle fleets, so that they can provide these in line with their standard fleet purchasing policies and requirements. Equally, they will have the ability to redeploy them elsewhere when contracts end or when vehicles are replaced as required during the period of the contract.

7.178 Therefore, operators will be able to make their own decisions on what vehicles to buy (subject to meeting the specification set out by the CA) and will continue to be responsible for all operational considerations. The CA does not envisage having an involvement in fleet management, vehicle deployment and maintenance matters.

7.179 The CA wishes to see significant progress towards a zero-emission fleet. Therefore, it is likely that the provision of such vehicles will be included in the contract specifications.

7.180 A single network identity and branding will be adopted as part of the franchised network. The CA will provide brand guidelines and vehicle livery requirements within contract specifications and operators will be required to include details in their proposals as to how these will be incorporated on their vehicles.

7.181 Contracts will be structured and specified in a way that operators can deploy fleets of mixed ages, avoiding the need for excessive investment at the commencement of a contract. It will therefore be possible for most vehicles to continue to be deployed in the area for a period beyond the commencement of franchising. Timescales for the procurement of contracts will allow significant lead-in or mobilisation periods for vehicles to be sourced.

7.182 At the end of franchise periods, operators will have the freedom to do as they like with vehicles, including moving them elsewhere, including for another contract within Cambridgeshire and Peterborough, or selling them on to another incoming operator.

7.183 In certain cases, where the CA wishes to test out new technologies or fuels or encourage the use of newer vehicles, it might purchase vehicles itself and provide them to operators to use



on services. In these instances, vehicles will remain in the ownership of the CA and will be returned to it at the end of the contract period.

7.184 It is expected that operators will be responsible for any equipment on the vehicles, which will again need to meet the service specification set by the CA. This will include ticket machines and other associated equipment, such as tap-on tap-off card readers, dependent on the network-wide ticketing and fares structure that will be specified. A requirement will be for tickets issued by one operator to be read and recognised by any other operator.

7.185 It is expected that all buses will be equipped with:

- CCTV cameras (both internal and external facing)
- Automatic vehicle location and the ability to supply the necessary feeds for real time information displays
- A form of direct communication with the driver
- On-bus audio-visual announcements
- USB charging points at all seats
- Driver and vehicle monitoring equipment (to encourage good driving standards and fuel-efficient driving).

#### Question L15

**Do you have any comments about operators remaining responsible for buses and on-bus equipment under Franchising and future procurement?**

7.186 It is intended that the Franchising model will create a collaborative or partnership approach between the CA, operators and other stakeholders, whereby the strengths of each are recognised and built upon. Therefore, whilst the CA will take ownership of the network, it will be designed, planned and developed in conjunction with operators.

7.187 Recognising the expertise of operators in managing the day-to-day deployment of buses and drivers on local bus services, it is intended that they should retain some freedom to continue to do this, including the ability to decide on the types of vehicles and equipment and freedom to design services to some extent in collaboration with the CA. Each year, there will be opportunity for operators to put forward suggested amendments for the service specification for consideration and discussion with the CA as part of the annual review process.

7.188 Given the model of shared responsibility, the different parties will also share risk. Initially it is intended that the CA will retain all revenue, whilst also providing incentives to increase patronage. The CA will set all fares and define the ticketing products to be available. The intention is that fares will be simple and there will be a minimal number of different ticketing products. Tickets will be available for use across the network, regardless of operator.

7.189 Operators will not be able to unilaterally offer their own individual products, unless agreed with the CA as part of some short-term special promotion or marketing campaign for an individual service or sub-network, aimed at encouraging mode shift or boosting usage over an agreed period.

7.190 In the first round of procurement under the Franchised Model, there may be limited existing data available, as service specifications may be different to current ones and some entirely new services might be specified. Therefore, these services will be tendered only on a cost-basis, allowing data to be gathered for future tendering rounds, where contracts may then be tendered on both a cost and subsidy basis and awarded in the way judged most advantageous to CA.

7.191 With the desire for system uniformity and visibility, and consistent standards of service, the CA will be responsible for the provision and maintenance of bus stops and other passenger waiting infrastructure. It will also coordinate and manage the provision of information across all media. Operators will be encouraged to supplement this with other complementary marketing activities.

7.192 A move to Franchising may result in services being taken over by new operators. In such instances staff may need to transfer from one operator to another under the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE). The CA will agree with existing bus operators and local employee representatives the criteria to be applied when determining which staff are principally connected with the affected local services and therefore may be in scope for potential transfer.

**Question L16**

If the proposed Franchising Scheme were implemented, it is possible that some operator employees may be transferred to another operator or potentially to the Combined Authority. Do you have any comments on this?

7.193 Once Franchising is implemented, it will be important to consult on how well the Scheme is operating. Within a period of 24 months from entering into the first contracts, the CA will undertake an initial consultation amongst interested parties and stakeholders for this purpose. It will repeat this periodically from thereon. Feedback to the consultation will be used to revise how the Franchising Scheme operates.

**Question L17**

Do you have any comments on the proposed approach to consulting on how well Franchising is operating?

7.194 Table 7-15 summarises proposed responsibilities under Franchising.

*Table 7-15: Responsibilities under Franchising*

CPCA	Operators
Network planning and procurement.	Tendering to operate services, providing ideas and service enhancements in response to the specification.
Specify service requirements, timetables and quality standards.	Providing vehicles and equipment that satisfy the service specifications.

Define service numbers and consistent route branding.	Designing services in-line with CA parameters set out in the specifications.
Set fares and define ticketing products. On cost-based contracts, responsible for fares revenue and revenue protection. No responsibility for revenue on subsidy-based contracts.	On subsidy-based contracts, responsible for collecting fares and keeping revenue.  On cost-based contracts, responsible for collecting fares and transferring that revenue to the CA.
Provide and maintain bus stations, bus stops and passenger waiting infrastructure.	Use infrastructure as directed.
Oversee network-wide identity, branding and promotion.	Deploying vehicles including any requirements in terms of livery, identity and branding.
Manage, provide and maintain comprehensive information (web, paper, at-stop, real time). Market and promote use of the network with operators.	Market the network and promote its use through approved initiatives agreed with the CA.
Monitor service performance.	Monitor and report on service performance.
Review and develop services in partnership.	Review and develop services in partnership.

### Question L18

Do you have any comments on the sharing of risk and responsibilities between the Combined Authority and bus operators?

#### *Franchising – commercial considerations*

7.195 There are various commercial risks for the CA associated with Franchising. These are set out in Table 7-16, along with steps that the CA might take to mitigate them.

*Table 7-16: Commercial risks of Franchising*

<b>Commercial risks of Franchising</b>	
<b>Risk</b>	<b>Mitigation</b>
Operators change, reduce or withdraw services at an accelerated rate in the lead up to franchising.	It is assumed that current operators would want to maintain a presence in the region to operate franchised services. As such, it is expected that they will continue to deploy their assets on commercial services up until franchised services are introduced.

	If services are withdrawn, CPCA will invite other operators to introduce interim replacement services, or, where necessary, let short-term service contracts.
CA has insufficient resources or capability to successfully implement franchising.	CA is developing its internal resource and implementation plan and has commenced the expansion of its internal team to increase capacity and capability.  The authority also has arrangements in place for specialist external support to assist.
Operators resist the proposed terms of franchising during the consultation.	Regular engagement with existing bus operators through the Bus Operator Forum has kept them informed on matters relating to potential franchising and offered opportunities for comment.  Decisions and progress with franchising is compliant with requirements set out in the Bus Services Act 2017.
Reputational risk for the CA resulting from problems and delays in the franchising implementation or approach.	Ensure detailed implementation plans are in place and sufficient resource and capability is available to ensure delivery in line with programme.  Ensure good communications in place throughout, so good awareness of what is happening and expectations are managed.
Lack of market interest in the provision of franchised services.	Continued engagement with market to understand interests, and design contracts accordingly.  Design contracts so they are attractive to operators of all sizes, both existing and those not currently operating in the area.
Risk that the CA fails to achieve a competitive market for franchising, leading to higher franchise bid prices from fewer operators, such that all contracts cannot be awarded.	Design contracts so they are attractive to operators of all sizes, both existing and those not currently operating in the area.  In the event of higher prices than expected, the CA will consider providing additional funding reducing services (in the same way as it does under current arrangements).
Small and medium operators fail to show an interest in franchises.	Engage with operators before the procurement, to understand the needs of small and medium operators and to highlight the opportunities for them.  Design contracts so they are attractive to operators of all sizes, both existing and those not currently operating in the area.

7.196 Table 7-17 gives a summary assessment of bus arrangements under Franchising against the CA's commercial objectives. Red indicates an unlikelihood of meeting the objective; amber indicates that the objective could be met, albeit with some challenges; and green indicates that the objective could be met.

*Table 7-17: Achievement of commercial objectives*

Achievement of commercial objectives through provision of bus services under Franchising		
Commercial objective	Description	Rating
Public sector influence	<p>CA can control the design of the overall Franchising Scheme to help deliver its intended outcomes.</p> <p>CA will be able to plan, design and implement a bus network that meets its policy objectives and reflects the needs and desires of residents, including service routes and timetables; service coordination and connections; fares and ticketing; and fleet requirements.</p> <p>CA will have greater influence over the outcomes of expenditure of public money on bus services, delivering improved quality of services.</p> <p>Franchise contracts will have sufficient flexibility to facilitate necessary service changes during the period of contract.</p>	
Best value	<p>CA will have the ability to manage profitable services and those requiring support together.</p> <p>Contract packages will achieve best value through effective cross-subsidisation of services, helping affordability.</p> <p>Proactive management of the market, rather than current reactive approach.</p> <p>CA will be able to invest in assets (such as depots) that have the potential to provide value for the public sector over the long term, rather than contributing towards commercial margin.</p>	
Competition between bus operators	<p>Competition will move from on-street (which is currently non-existent) to competing for contracts, which is more likely to attract interest from operators.</p> <p>Contracts designed to attract interest from operators of different sizes, and those already operating in the area and those that are not.</p>	
Appropriate risk allocation	<p>Franchising can allow responsibilities and risks to be better allocated to those who are best placed to manage them.</p> <p>Whilst the CA will take on more revenue risk through the likely award of more minimum cost contracts, other risks (provision of vehicles, equipment and depots) will remain with operators.</p> <p>The franchising approach will facilitate greater sharing of responsibilities and risks than in other franchised areas.</p> <p>Overall, the network will be more stable, providing the basis for growth and reducing some risks associated with instability and decline (as current).</p>	
Ease of implementation	<p>Significant resource and capability is required to prepare for and implement franchising, including procurement and contract management, preparing the market to ensure sufficient</p>	

Achievement of commercial objectives through provision of bus services under Franchising		
Commercial objective	Description	Rating
	<p>competition, and establishing in-house skills and resources to manage and maintain the network.</p> <p>Implementation and achievement of objectives is made easier by the ability to take a holistic and comprehensive approach.</p>	
Recovery and flexibility	<p>Franchise contracts can be established with suitable flexibility to facilitate service changes and network reshaping in the event of a shock to the market. The potential for change during the contract may result in higher contract prices.</p> <p>In the event of a shock to the market, the CA would have significant responsibility to coordinate and manage the response, liaising with operators and making the case for support from government.</p>	

7.197 Compared to current arrangements, the proposed Franchising option would provide the CA with the ability to achieve greater control over the outcomes of the bus network and deliver its ambitions for a significantly enhanced, comprehensive and coordinated bus network.

7.198 It is clear that Franchising will require significant commitment of resources to manage the commercial risks and achieve its commercial objectives. However, the above assessment shows how the CA is committed to managing these risks and to the achievement of the commercial objectives.

#### Question L19

Do you have any comments on the above assessment regarding how Franchising would enable the Combined Authority to manage the bus network and achieve its commercial objectives?

### Potential Enhanced Partnership

7.199 Following the publication of the National Bus Strategy in March 2021, all local authority areas should have an Enhanced Partnership (EP) or Bus Franchising in place. As the CA had published a notice of intent to assess the case for Franchising and was actively pursuing this model, it was not required to put an EP in place. Therefore, buses continue to operate within a deregulated environment, as set out earlier in this Commercial Case as the current position.

7.200 Clearly, if Franchising was not introduced, the CA would develop an EP Plan and Scheme with bus operators. The Plan would reflect the policy and ambition set out in the BSIP, whilst the Scheme would set out the commitments of local authorities to provide facilities and measures, together with the requirements on bus operators in terms of service provision. Given the level of ambition for the bus in Cambridgeshire and Peterborough, the EP would be

ambitious. This section therefore considers the commercial parameters of such an ambitious EP Scheme.

- 7.201 An EP is an agreement between a local transport authority (and other authorities where appropriate) and local bus operators to work together to improve local bus services. It includes a clear vision of the improvements that the EP aims to achieve (known as an EP Plan) and accompanying actions to achieve them (set out in one or more EP Schemes). It is a joint proposal between the authority and the local bus operators. Both the authority and a defined proportion of operators must agree to the EP for it to go ahead. As such, it is important that all parties are engaged throughout the development process to ensure that commitments contained within it are well supported and likely to be approved.
- 7.202 It is possible to have different EP Schemes covering different parts of a region or EP Schemes covering just particular aspects of provision. In each case, they would only affect those services operating within the area defined in each Scheme.
- 7.203 An EP is only achievable through market consultation and negotiation with operators. In the formation of an EP, local bus operators are able to provide their opinions and confirm whether or not they support any of the relevant proposals from CPCA or other bus operators. Not all operators need to agree with an EP Scheme's content, for the EP Scheme to be made. Operators have a right to object and, if either of two objection criteria are satisfied, the EP cannot be made. This is to ensure that a dominant operator cannot force through requirements which could be detrimental to other smaller operators. If the objection criteria are not satisfied, then the relevant proposal can be adopted. Once agreed, an EP Scheme binds all operators of qualifying local services in the area of the scheme.
- 7.204 An EP Scheme would support the improvement of all local qualifying bus services operating in the EP Plan Area, namely the administrative area of Cambridgeshire and Peterborough Combined Authority. The EP Scheme commencement date would be 7 days after it has been made by CPCA.
- 7.205 The EP Scheme would have no specific end date and would remain in force until varied or revoked. It would be subject to a review at least annually.
- 7.206 The Scheme would apply to registered local bus services with one or more stopping places within the EP Plan Area, unless exempted under the Scheme. The following services would be exempt from the Scheme requirements:
- Schools or works registered local bus service not eligible for BSOG.
  - Cross-boundary registered local bus service with less than 10% of their registered mileage within the EP area.
  - Services operated under section 22 of the 1985 Act
  - A registered local bus service which is an excursion or tour.
  - Any other registered local bus service that the operators and authority decide should be excluded from all or specific requirements of the EP Scheme.

7.207 The EP Scheme would be overseen and developed by an EP Board. This would be formed from the existing Bus Operators' Forum, retaining the same membership:

- CPCA officers
- Highway authority officers (Cambridgeshire County Council and Peterborough City Council)
- All bus operators providing qualifying local bus services
- Community transport representatives
- Transport Focus

7.208 Local authorities and bus operators would commit to specific measures and requirements and would have voting rights. Other representatives would attend to shape, inform and challenge, but would not be subject to the commitments and requirements (and will not have voting rights).

7.209 The EP Board would meet and transact its business in accordance with Terms of Reference, set out in a separate document.

7.210 Consideration would be given to potential EP Scheme variations raised by one or more of the representatives on the EP Board. The proposer of a variation would demonstrate how this might contribute to achieving the objectives set out in the EP Plan and current local transport policies. On receipt of a valid request for a potential variation, the CA would reconvene the EP Board, giving at least 14 days' notice for the meeting, to consider the proposal. If, at the meeting, the proposed variation was agreed by all EP Board voting members present, the CA would make the EP Scheme variation, subject to its approval.

7.211 EP Board members not represented at the meeting would be deemed to be abstaining from the decision.

7.212 If there was not full agreement of all bus operator representatives present who were affected by the existing Scheme or the proposed variation, then the proposed variation would be put to the operator objection mechanism, but with a reduced objection period of 14 days, replacing Part 2 of the Transport Act 2000 section 138L (2). The proposed variation would be advertised on the CA's website and emailed to operators of qualifying local services in the EP Scheme Area. Objections would only be considered to be valid where they are made by or on behalf of an operator who is affected by the proposed variation. If the proposed variation passes the operator objection mechanism, CPCA will make the EP Scheme variation, subject to its approval.

7.213 In all cases, an EP Scheme or variation would only come into force if it was made by the CA. If, for any reason, the CA was not in agreement, it could exercise its right to not make the Scheme or variation, such that it did not come into force.

7.214 If, for some reason, it became necessary for the EP Scheme to be revoked, the EP Board would be reconvened and follow the same process as outlined for a variation.



7.215 If the EP Plan was revoked at any time, the EP Scheme would automatically be revoked, as it cannot exist without an associated EP Plan in place. Equally, if the EP Scheme was revoked (and no other EP Scheme was in place), then the EP Plan would automatically be revoked.

7.216 If, at any point in the future, the area covered by the EP Scheme was included as part of a bus Franchising Scheme, the relevant requirements set out in this EP Scheme document would cease to apply from the commencement date of the Franchising Scheme.

7.217 The EP would set out a series of obligations on the CA and highway authorities to implement a range of facilities and measures. There would also be requirements on qualifying bus services, whereby operators would be expected to fulfil various obligations too. These could include those set out in the following table.

*Table 7-18: Network obligations*

Network	
Enhancements	<p>Agree overall network plan/vision with operators and seek voluntary agreement from operators to plan and deliver services that align with that plan. Jointly determine and agree coordinated service identification and route numbering.</p> <p>New services would be secured through open tender, with contractual requirements concerning vehicle and service specifications, branding, fares and ticketing. Opportunities to tender packages of services to gain economies of scale and potentially attract new operators. Contract duration of up to 7 years maximum.</p> <p>Existing services will be enhanced through a mix of tendering and de minimis contracts, again with contractual requirements.</p> <p>Dates will be set by which buses should be Euro VI or better and fully zero emission.</p>
Stability	<p>Service change dates (variations / cancellations) restricted to 2 per year, apart from in exceptional circumstances or if in the interests of bus users. Each date would be agreed with operators at least 12 months prior. These dates would also be used for contract changeovers.</p> <p>New services could be introduced at any time if they provided new travel opportunities or were to replace supported services on a commercial basis. Otherwise, they would be timed to coincide with the agreed change dates above.</p> <p>The notice period for registration variations and cancellations will be extended to 15 weeks, apart from in exceptional circumstances or if in the interests of bus users.</p>
Coordination	<p>Agree overall network plan/vision with operators and seek voluntary agreement from operators to plan and deliver services that align with that plan. Jointly determine and agree coordinated service identification and route numbering.</p> <p>Parallel services will be subject to coordination of headways and there will be negotiation with operators to encourage suitable amendments to commercial services, particularly to facilitate connections.</p> <p>In locations where bus stop capacity is under pressure, there will be the ability to introduce slot booking to manage the number of buses using a particular stop.</p>

Bus priority	<p>There will be a commitment to maintain all existing bus priority measures and introduce a programme considering the feasibility of new measures in response to hotspots highlighted by operators.</p> <p>Bus operators will be required to reinvest any operational efficiency savings back into the network.</p>
Roadworks	Ensure processes in place to minimise the impact of roadworks (planned and emergency) on buses and to ensure good communication with operators over the planning of works and road closures.
New development	Processes will be put in place to ensure that bus operators are involved at an early stage in discussions around new development (housing and employment), ensuring that locations can be served by buses and site layouts can accommodate buses appropriately with minimal diversion or delay.
<b>Infrastructure</b>	
Park & Ride	Park & Ride sites will continue to be maintained and charges levied for their use. Operator(s) will agree to meet certain service and vehicle standards.
Busway	Busway will continue to be maintained and charges levied for its use. Operator(s) will agree to meet certain service and vehicle standards.
Bus stations	Bus stations will continue to be provided and maintained.
Bus stops and shelters	Existing bus stops and shelters will be maintained and a bus stop improvement programme introduced, including the introduction of branded bus stop flags.
<b>Fares and ticketing</b>	
Multi-operator ticketing	<p>Range of multi-operator ticket products will be introduced, as part of a streamlining of overall tickets available, preferably with no premium over single operator tickets. All operators will have ticket machines that can issue, scan and record all tickets.</p> <p>Availability of all ticket products to be advertised on-bus (and clearly seen by passengers before they board).</p>
Tap-on tap-off	Tap on / tap off equipment will be introduced across all operators.
Young people	Consistent child/young persons' fares to apply across all operators.
<b>Information and marketing</b>	
Network branding	A network brand identity will be developed and introduced for use on all buses, infrastructure, ticketing products and information. Operators will be required to indicate this prominently on all vehicles and promotional materials.
Website, App, network map, printed timetable booklet and bus stop information displays.	<p>Coordinated approach to all forms of information provision.</p> <p>Operators will be required to contribute to the cost/delivery of information provision, with contributions based on scale/size of operation or service mileage.</p>
Real time information	Existing real time displays at bus stops to be maintained.

	<p>Programme of additional real time provision at bus stops, including QR codes at all stops, enabling access to stop-specific information.</p> <p>Operators will be required to maintain relevant data feeds to facilitate real time information provision.</p>
<b>Customer experience</b>	
Passenger charter	Single consistent charter covering whole network and all operators, highlighting what passengers should expect when using buses.

7.218 As part of the adoption of the EP, the CA would look to take over bus service registration powers from the Office of the Traffic Commissioner.

7.219 Under an EP the split of responsibilities would be as set out in Table 7-19.

*Table 7-19: Combined authority/operator split for an EP*

<b>Combined Authority</b>	<b>Operators</b>
Coordination of overall network strategy and framework.	Planning and provision of commercial bus services.
Specify service requirements, timetables and quality standards for supported bus services and undertake procurement of these.	Tender for the provision of supported services and operate them in line with contract requirements.
Coordinate discussions on service identities and numbering to seek agreement.	Agree service numbering and apply as agreed.
<p>Agree and manage the provision of multi-operator ticketing products.</p> <p>On cost-based contracts, responsible for fares revenue and revenue protection.</p> <p>No responsibility for revenue on subsidy-based contracts.</p>	<p>On subsidy-based contracts, responsible for collecting fares and keeping revenue.</p> <p>On cost-based contracts, responsible for collecting fares and transferring that revenue to the CA.</p>
Provide and maintain bus stations, bus stops and passenger waiting infrastructure.	Use infrastructure in accordance with any requirements.
Oversee network-wide identity, branding, and promotion.	Implement branding in accordance with any agreements.
Collaborate on the provision and maintenance of comprehensive information (web, paper, at-stop, real time). Market and promote use of the network with operators.	Share responsibility (and cost) for the provision of information and marketing of the network.
<p>Collate data to measure overall performance against BSIP KPIs and targets.</p> <p>Monitor the performance of supported services.</p>	Monitor and report on service performance.

Review and develop services in partnership.	Review and develop services in partnership.
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*Enhanced Partnership – commercial considerations*

7.220 Table 7-20 assesses the commercial risks associated with an EP and the steps that the CA might take to mitigate these. As the EP continues to operate within a deregulated environment, where operators continue to control services, the risks associated with the current position also apply here, in addition to those set out below.

Table 7-20: EP Commercial Considerations

<b>Commercial risks of an EP</b>	
<b>Risk</b>	<b>Mitigation</b>
CA unable to negotiate and agree sufficient commitments from operators within the EP to deliver its ambitions to transform the bus network.	CA's ambitions have been discussed extensively with operators, with opportunity for feedback, and to understand their ability and capacity to meet the aspirations.
Commitments may have to be curtailed or compromised to get agreement with operators, which may in turn mean slower or less progress on the delivery of the ambition.	Regular discussions with operators both individually and as a Partnership group will help to explain ambitions and proposals and the level of commitment required from operators in meeting these.
Risk that small and medium operators do not engage, due to feeling they have little influence.	All operators will be invited to EP meetings and will have the ability to attend in their own right. Regardless of attendance all operators of qualifying services will receive agendas, papers and minutes of meetings.  CA will engage with operators individually outside of EP meetings, as well as collectively at meetings.
Reputational risk for the CA resulting from problems and delays in the delivery of the ambition due to EP processes.	Ensure detailed implementation plans are in place and sufficient resource and capability is available to ensure delivery in line with programme.  Active engagement with operators to ensure proactive negotiation over commitments.
Insufficient resources or capabilities to successfully manage the EP and delivery through it.	Ensure detailed implementation plans are in place and sufficient resource and capability is available to ensure delivery in line with programme.

7.221 Below is a summary assessment of bus arrangements under an EP against the CA's commercial objectives. Red indicates an unlikelihood of meeting the objective; amber indicates that the objective could be met, albeit with some challenges; and green indicates that the objective could be met.

*Table 7-21: Arrangements under an EP*

Achievement of commercial objectives through the provision of bus services under an EP		
Commercial objective	Description	Rating
Public sector influence	<p>CA may achieve greater control over the behaviour of bus operators and outcomes of the bus network, which may deliver some service improvements, consistency and stability.</p> <p>CA may exercise a more strategic and proactive approach to the design and management of the network, including more coordination (e.g. regulating headways).</p> <p>Will achieve stronger, binding commitments from operators to make improvements.</p> <p>However, given that the EP is subject to negotiation, it is unlikely that operators will agree to more than they currently provide without additional funding from the CA, limiting the influence over the network.</p> <p>EP puts defined processes in place, which may help in terms of timely delivery of commitments and more considered management of the network.</p> <p>Operators retain freedom to introduce, vary or withdraw services, which could lead to increased calls on budgets for supported bus services.</p> <p>Some ambitions will be constrained by the inability to control certain aspects, such as fares, vehicle livery and comprehensive branding, unless through entirely voluntary agreement by operators.</p>	
Best value	<p>Operators continue to compete commercially for passengers on the street, based on the quality of service and fares charged. However, given the lack of competition, the extent to which competition drives value is unclear.</p> <p>Barriers to entry in the deregulated market will continue to exist under an EP and, because of any agreed minimum thresholds for services introduced, those barriers to entry may be higher than under the current situation.</p> <p>CA will need to balance the requirements and influence of an EP Scheme with the need to support operator participation and competition.</p>	
Competition between bus operators	<p>Allocation of risks and responsibilities in an EP continues much the same as under current arrangements. Operators are free to stop running services when they are no longer commercially viable.</p> <p>As a result, it is unlikely that the EP will further enhance competition and the CA will continue to be at risk of increasing supported services costs.</p> <p>The ambitious EP will however provide more formality and certainty around the delivery of certain improvements than under current arrangements; these will extend to the whole network.</p> <p>Particular allowance will be given to the needs of small and medium operators in respect of meeting EP commitments, perhaps being given longer to meet some obligations than large operators.</p>	

Achievement of commercial objectives through the provision of bus services under an EP		
Commercial objective	Description	Rating
	Operators may have concerns about competitors pushing through commitments that others can't meet as easily and therefore providing them with some advantage.	
Appropriate risk allocation	<p>Risk allocation will remain as it is under current deregulated market arrangements.</p> <p>More risk is retained by the private sector. However, in light of reduced demand following the COVID-19 pandemic, it can be seen that ultimately more risk actually lies with the public sector, otherwise network reductions would occur.</p> <p>Less flexibility for the CA to adjust the network to provide relevant support or revised services.</p>	
Ease of implementation	<p>Significant time and resource needed to negotiate and agree commitments, liaise with all interested parties and to administer the EP.</p> <p>Takes time to go through required processes, including consultation and operator objection mechanism.</p> <p>Whilst there is flexibility to vary an EP, again this requires time and effort to satisfy the steps of the process.</p>	
Recovery and flexibility	<p>The CA might achieve greater control over the behaviour of bus operators and outcomes of the bus network, which may deliver some service improvements, consistency and stability.</p> <p>Whilst there is flexibility to vary an EP, again this requires time and effort to satisfy the steps of the process.</p> <p>Operators retain freedom to introduce, vary or withdraw services, which could lead to increased calls on budgets for supported bus services.</p> <p>Ultimately, any shock in the market is likely to result in more responsibility on the CA, given its role in managing and administering the EP.</p>	

7.222 Compared with current arrangements, an EP would provide a more formal framework to achieve improvements across the network, providing the CA with some greater influence.

7.223 Whilst an EP would facilitate improvements, it falls short of being able to fully coordinate and manage the network. Operators are still free to introduce, amend and withdraw services, albeit within a framework of coordinated service change dates and potentially longer notice periods. However, all commitments would have to be negotiated with operators, which may mean it takes longer to achieve some of the ambitions or some have to be compromised to get agreement. There may be a chance of agreement not being reached on some elements.

7.224 Some ambitions could not be achieved through an EP, as they may be seen as anti-competitive, such as requirements on vehicle livery and the setting of fares. Whilst some

could be achieved through voluntary agreement, it would still be possible for operators to withdraw from the agreement.

7.225 There is no doubt that an EP would facilitate some of the desired improvements. However, even an ambitious EP would not provide the CA with the level of control that Franchising provides. In many ways, an EP still involves many of the challenges that currently exist.

#### Question L20

Do you have any comments on the above assessment regarding how an EP would enable the Combined Authority to manage the bus network and achieve its commercial objectives?

### Conclusion of Commercial Case

7.226 The National Bus Strategy requires all local transport authorities to commit to an EP for their entire area, or to pursue Franchising. For the CA, an EP would be the easiest to move to, given that it does not change many of the parameters for operating buses and operators retain much control over the planning and operation of services. However, it is questionable whether the ambitions for transforming bus services in Cambridgeshire and Peterborough could be achieved under an EP and not within the desired timescales. Hence, why Franchising provides an attractive option to facilitate the level of change required, despite the significant impact it would have during transition and implementation.

7.227 Because of the level of change involved in Franchising, it is appropriate for the CA to assume greater responsibility and to be prepared to pay operators to deliver the significant enhancements in service that it wishes to see.

7.228 Therefore, whilst the Commercial Case demonstrates that Franchising would give the CA significant control and influence to achieve its objectives, it would come with both cost and risk. Delivering Franchising would require a significant financial commitment and expertise from the CA for its implementation. In terms of risk, delivering Franchising would present the CA with a range of financial and non-financial risks that would require careful management. In contrast, an EP would have different risks and challenges, particularly as to whether various actions and commitments could be negotiated with the operators.

7.229 The greater control over all aspects of the bus network under Franchising would afford the CA the flexibility to proactively manage levels of resources deployed to ensure continued commercial viability and affordability. Furthermore, the comprehensive monitoring and data collation concerning operational performance would inform any necessary adaptations and changes to achieve this.

7.230 Whilst the Franchising proposition provides for a competitive market in which the CA would have much greater control and influence than the current position, it would come with a range of risks and delivery requirements. However, it would also afford the flexibility to amend the network in response to changing circumstances.

7.231 Under an EP, the delivery of policy objectives is dependent on successful negotiations with operators, to agree an EP Plan and Scheme(s), and as a result may retain many of the challenges experienced with the current situation. These areas for agreement may include cross-operator issues, such as ticketing, concerns around the EP impacting on operators' market shares, and concerns over the overhead (in terms of costs and resource) of negotiating changes to the EP.

7.232 Overall, the EP would not provide the same level of control for the CA as would be achieved under Franchising. Therefore, the CA must consider the extent to which it wishes to bear the financial and delivery requirements and risks of Franchising, in order to maximise its control and influence over policy and desired outcomes of its Bus Strategy, compared to the lower risk, and lower level of control, of an EP.

#### Question L21

The Commercial Case shows how both Franchising and Enhanced Partnership could deliver change and improvement. Under Franchising, the Combined Authority would have more control over the entire bus network. Under an Enhanced Partnership, the Combined Authority would not control the whole network and there would be more reliance on negotiation with bus operators. Do you have any comments on this?

#### Question L22

The Commercial Case says that the Combined Authority would be better able to meet its commercial objectives (success factors) through Franchising compared to an Enhanced Partnership? Do you have any comments on this?

## Financial Case

### Introduction

7.233 The Financial Case considers the financial implications of Franchising or an Enhanced Partnership. This includes the projected cashflows under each option, in order to assess the affordability for the Combined Authority and the potential financial risk. It takes account of the various funding streams available to maintain and develop the bus network.

7.234 Whilst most bus services are currently operated on a commercial basis, an increasing number are being financially supported. Since the COVID-19 pandemic, there has been increasing amounts of public funds going into the provision of the bus network.

### Current position

7.235 For the Reference Case ('do nothing'), an assessment was made of the current financial position. This was based on usage and fares data supplied by operators. Current operating costs were estimated using various research and factors. These calculations show a deficit between fares revenue and operating costs, which is met by various funding streams, such as Bus Service Operator Grant (BSOG).



7.236 For financial modelling purposes, the total income in the region’s bus sector was estimated at £49.4 million, set out in Table 7-22. Funding for zero emission vehicles, under the ZEBRA scheme, was excluded from this Assessment.

Table 7-22: Income for bus services

Source	Mechanism	Amount
Fares revenue (estimated 2022) <sup>30</sup>	Direct to operators	£ 26.3 million
Transport Levy income (2023-24 levy) <sup>31</sup>	From Highways local authority (LA) budgets	£ 13.5 million
Council tax income (2023-24) <sup>32</sup>	From CPCA budget – Mayoral precept	£ 3.0 million
Bus Service Operators Grant (2021/22)	UK Government via LAs <sup>33</sup>	£ 4.0 million
BRG Funding <sup>34</sup> (2023)	Estimated from DfT reporting	£ 2.6 million
<b>Total</b>		<b>£ 49.4million</b>

7.237 The financial modelling builds in various improvements to the network (outlined in the Economic Case), which implies rising costs over the 30-year assessment period considered, which would be at a higher level than the reference case (current situation) for both Franchising and EP. Some additional capital costs are also included to fund bus priority measures and, in the case of franchising, the potential provision of two new bus depots (one in the Peterborough area and one in the Cambridge area), which would facilitate increased participation by new and/or existing bus operators in franchise contracts.

7.238 The financial modelling compares the provision of the bus network under the following two scenarios, with the additional investment made over and above the main costs of providing the existing bus network:

- Mid-level investment with an EP (around £10 million capital investment, plus £600,000 per annum for running costs and additional bus service support starting at £7.5 million in the first year).
- Mid-level investment with Franchising (around £41 million capital investment, plus £1.4 million per annum for running costs, and additional bus service support starting at £8.5 million in the first year).

7.239 Both options will require the Combined Authority to increase its capacity and capability in respect of staffing and systems in order to take on greater roles and responsibilities. This will

<sup>30</sup> Estimate based upon operator returns for November 2022

<sup>31</sup> [Link to paper](#)

<sup>32</sup> [Link to paper](#)

<sup>33</sup> Bus Service Operators Grant payments to English operators from 2010 onwards, DfT, Last updated 29 July 2022

<sup>34</sup> Estimate derived from published sources as part of the Full Assessment. These can be found in the Assessment from section 3.4 onwards.

incur additional costs, which will be greater for Franchising, because of the greater control and management responsibilities taken by the Combined Authority.

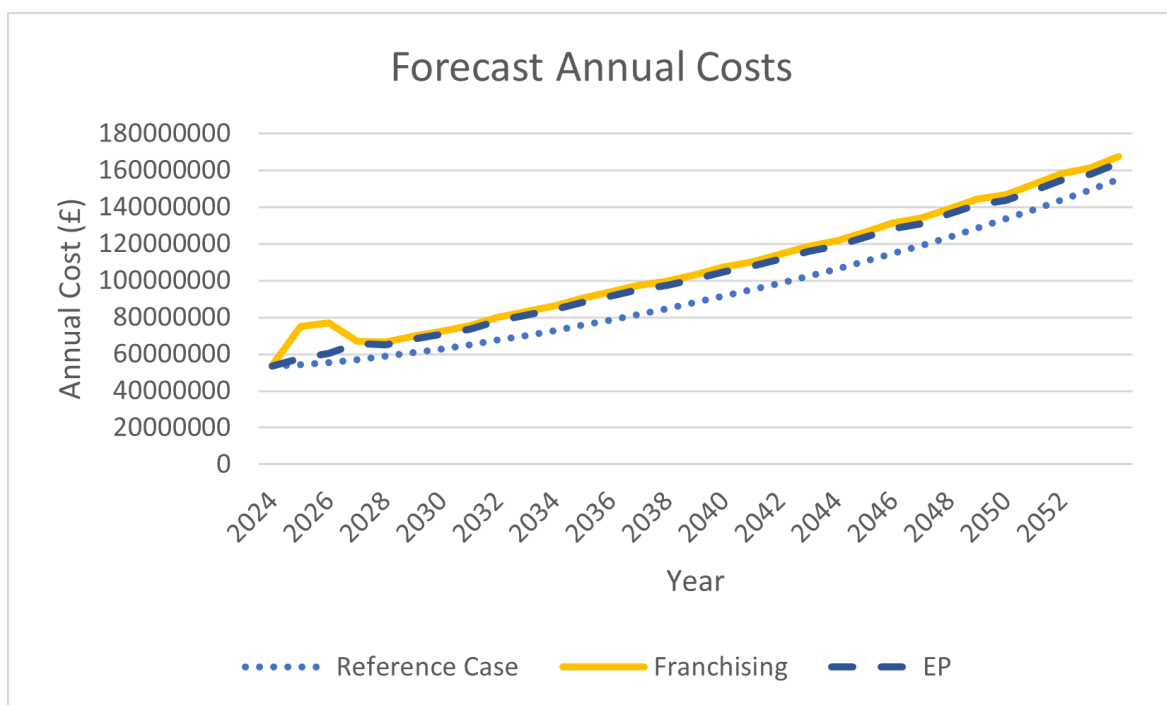
**Question L23**

Investment costs anticipated by the Combined Authority in moving to Franchising or an Enhanced Partnership are set out in the Financial Case. Do you have any comments on these costs?

7.240 The modelling builds in various improvements to the network, which implies rising costs over

the 30-year assessment period considered, which would be at a higher level than the reference case for both Franchising and EP.

Figure 7-6: Forecast Annual Costs under each scenario



**Resourcing - Franchising**

7.241 The financial modelling needed to demonstrate where the funding would come from. Having considered a range of different funding options, the CA’s emerging preferred option for funding the area’s bus network currently involves a combination of:

- Prudential borrowing of a portion of forecast capital spend (£32.0m, inclusive of a 46% Optimism Bias uplift), via the Public Loans and Works Board and/or release of non-ringfenced capital from the CA budgets (up to £12m per annum).
- Grant funding of £9.0m made up of £4.0m from central government and £5.0m of the CA’s own levelling up fund.
- Residual monies from the CA’s unallocated treasury management income to fund the one-off setup costs associated with Franchising (up to £1.7m in years 1-3 of franchising system

set-up and operation, plus £0.9m already allocated for franchising system professional fees and procurement in the CA's Medium Term Financial Strategy).

- Continuation of the Transport Levy from local Councils (increasing at 2% per annum), with an additional +2% uplift for an initial two years.
- Phased uplifts in the average value of the Council Tax Mayoral precept (forecast to continue increasing at 2% per annum year-on-year, based on anticipated household growth across the CA area)<sup>35</sup>, which represents a supplementary source of revenue in addition to the current charge. Over the 30-year period considered by the OBC Assessment Report, the precept is forecast to need to average around £72 per household in total (the existing average £12 per household precept payment (prior to the precept increase in 2024/25), plus an uplift of £60 per household on average across the 30-year period), to meet the forecast net operating revenue requirements associated with delivery franchised bus services across the area, coupled with the capital investments.

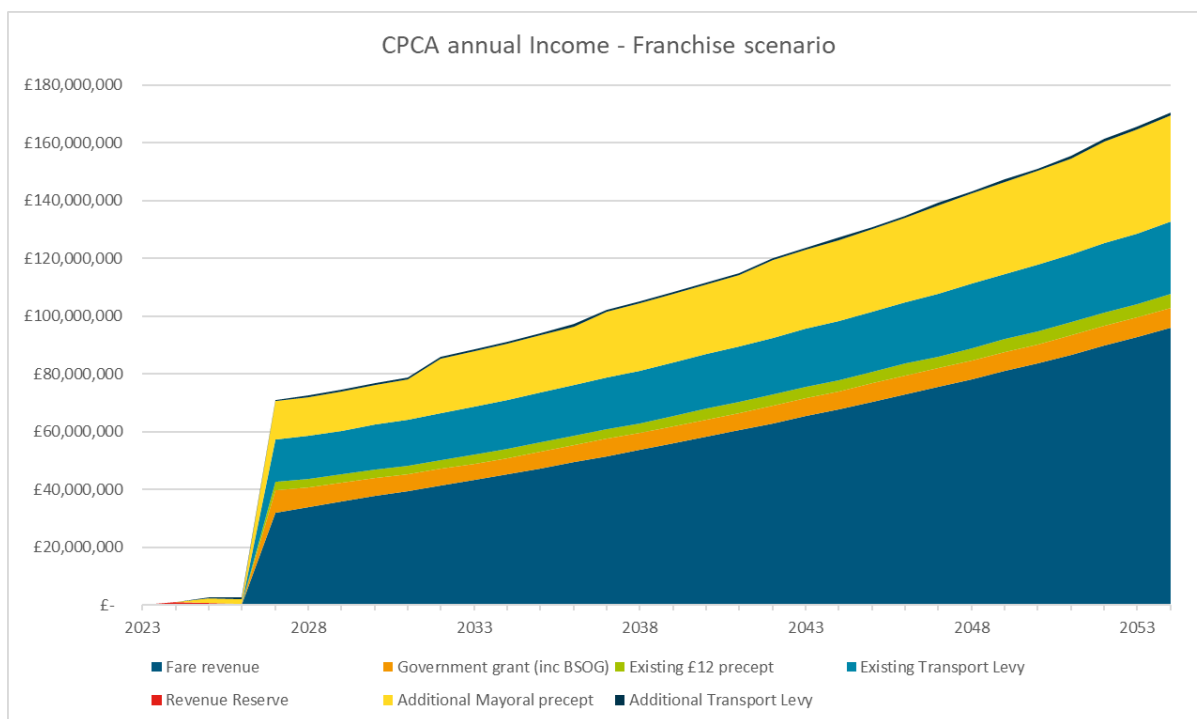
7.242 The below table sets out a summary of the total forecast income streams that the CA can draw upon to cover the total forecast costs of the Franchising scenario. The chart following that provides a further breakdown of how these streams could be made up over the full 30-year appraisal period.

*Table 7-23: Summary of funding sources for Franchising*

<b>Income stream</b>	<b>Scale (over the appraisal period)</b>
Fare revenue	£1,708,255,916
Government grant (including BSOG)	£167,715,862
Existing £12 precept	£129,989,187
Existing Transport Levy	£583,331,474
Revenue Reserve	£2,600,000
Capital loan	£32,000,000
Grant	£9,000,000
Additional Mayoral precept	£636,982,520
Additional Transport Levy	£22,274,252
<b>Total generated</b>	<b>£3,292,149,211</b>
<b>Total costs (including borrowing)</b>	<b>£3,221,901,141</b>

<sup>35</sup> The 2% per annum growth is based upon expectations regarding completion of new housing in the area. It should be noted that there is inherent uncertainty regarding forecasts of future housing growth, which may affect the amount that can be raised from this source. If housing completions are slower than predicted, then it may be necessary to further increase the additional precept to cover the costs of bus franchising.

Figure 7-7: CPCA annual income under Franchising



## Resourcing – Enhanced Partnership

7.243 The affordability assessment for the EP medium investment scenario uses a similar mix of options for funding to the Franchising option. However, there are a number of significant differences in terms of the options available. This Assessment has been completed under the assumption that the CA will wish to retain the whole of the proposed bus service network, but that to do this, it will need to raise funding to cover the additional costs of bus service support, where this will be increasingly necessary.

7.244 At the same time, a number of financial sources will be less available to the CA, particularly the business rates supplement, which can only be used for a specific investment project, over a clearly defined period of time. Under this scenario the following funding structure would be required:

- Prudential borrowing up to the full value of forecast capital spend (£10.0m, inclusive of a 46% Optimism Bias uplift), via the Public Loans and Works Board and/or release of non-ringfenced capital from the CA budgets (up to £12m per annum).

- Continuation of the Transport Levy from local Councils (increasing at 2% per annum), with an additional +2% uplift for two years initially
- Phased uplifts in the average value of the Council Tax Mayoral precept (forecast to continue increasing at 2% per annum year-on-year, based on anticipated household growth across the CA area), which represents a supplementary source of revenue in addition to the current charge. Over the 30-year period considered by the OBC Assessment Report, the precept is forecast to need to average around £71 per household in total (the existing average £12 per household precept payment, plus an uplift of £59 per household on average across the 30-year period) for CPCA to meet the forecast net operating revenue requirements associated with delivery of the proposed EP bus services across the area, coupled with the medium capital investment scenario.

Table 7-24: Summary of funding sources for an EP

Income stream	Scale (over the appraisal period)
Fare revenue	£1,655,895,353
Government grant (including BSOG)	£170,295,862
Existing £12 precept	£132,996,314
Existing Transport Levy	£596,826,074
Revenue Reserve	£895,969
Capital loan	£10,043,732
Additional Mayoral precept	£589,280,596
Additional Transport Levy	£22,274,252
<b>Total generated</b>	<b>£3,178,508,152</b>
<b>Total costs (including borrowing)</b>	<b>£3,132,275,417</b>

## Conclusion of Financial Case

- 7.245 The financial modelling highlights the need for substantial financial support through the whole 30-year appraisal period to achieve bus network improvements under an EP or Franchising. However, over time, these should realise increases in bus fares revenues as patronage increases. There may be some advantages in Franchising, in making available some additional sources of funding, meaning less reliance on fares and Mayoral precept.
- 7.246 The Financial Case concludes that, considering the revenue and funding available under each option, both Franchising and Enhanced Partnership are affordable to the Combined Authority. Franchising will bring greater benefits than the Enhanced Partnership due to the ability to

deliver more network improvements, however this needs to be balanced against the increased financial risk to the Combined Authority in taking more responsibility for passenger fare revenue.

#### Question L24

Potential sources of funding for bus service improvements under Franchising or an EP are set out in the Financial Case. Do you have any comments on these?

#### Question L25

The Financial Case says that Franchising carries more financial risk for the Combined Authority than an Enhanced Partnership, but offers greater control, resulting in greater benefits. Do you have any comments on the Combined Authority taking on this risk?

## Management Case

7.247 The Management Case considered the factors which influence the deliverability and robustness of arrangements within the CA to deliver, monitor and evaluate the delivery of Franchising or EP.

### CA responsibilities

7.248 The CA's existing responsibilities in respect of public transport provision include:

- **Day to day liaison with bus operators** regarding overall bus service provision and coordination of monthly Bus Operators' Forum.
- **Engagement with other interested parties** regarding bus services and related matters, including constituent authorities.
- **Establishing and maintaining policy** context for local bus service provision, including Bus Strategy and Bus Service Improvement Plan (BSIP).
- **Provision of supported bus services**, including evaluating the need for services, procurement of services and managing the delivery of services by contracted bus operators.
- **Management of concessionary travel arrangements** and reimbursement to bus operators.
- **Research and development** and trialling of new services, such as demand responsive transport, and investigations to consider opportunities for efficiencies through integration of different types of transport arrangements, such as those for home to school transport.
- **Bus stop provision** and maintenance.
- **Funding bids and projects**, such as for the introduction of electric buses under the government's ZEBRA scheme.

7.249 Under Franchising, the CA would assume some new responsibilities, such as developing pricing and ticketing strategies, along with increasing its capability in existing competencies. As a result, the CA's current organisation and operating framework would need to change significantly to ensure the effective delivery of the Bus Strategy ambitions. Responsibilities that would differ under Franchising would include:

- **Bus network design** – CA would plan and procure the entire network of bus services, including the specification of routes, timetables and requirements regarding buses, equipment, fares and ticketing.
- **Bus depots** – to encourage more interest from external operators, CPCA may need to have some responsibility for the provision and management of depots.
- **Transition arrangements** – it would be necessary for the CA to manage the transition to franchised operations, ensuring continuity of services if operators sought to withdraw services before the franchised services commenced.
- **Network operation** – CA would specify and manage all bus services operated under the contracts, and put in place arrangements for performance monitoring.
- **Revenue risk** – Contracts would be operated on a mix of minimum subsidy and minimum cost, the latter resulting in the CA taking the revenue risk. Regardless of the balance of the two types of contracts awarded, it is likely that the CA would have a greater exposure to this risk than at present, due to being responsible for the whole network.
- **Fares and ticketing** – Regardless of the type of contract, the CA would set fares across the network, ensuring consistency and interoperability, as well as determining the product range. It would be important to enhance its capabilities in respect of the management of revenue protection.
- **Marketing and brand management** – The CA would own, develop and implement branding and marketing initiatives.
- **Performance monitoring** – It would be important for the CA to monitor service performance against both contract requirements (in terms of quality of services) as well as progress towards targets set in the BSIP.
- **Customer relations** – Given its widened responsibilities for the bus network, the CA would manage the relationship with customers, receiving feedback and engaging with them to improve the customer experience.

7.250 Under an EP, the CA's responsibilities would extend to cover:

- **Bus network design** – CA would establish and administer an EP Board (which would probably evolve from the current Bus Operator Forum) and manage discussions and negotiations with operators over the shape and design of the network in line with EP Scheme commitments (such as regulation of headways).
- **Negotiation with operators** – it would be necessary to set out, negotiate and agree commitments and requirements with operators.
- **Transition arrangements** – It would be necessary for the CA to manage the transition to arrangements under an EP, although these are likely to be phased in with agreement of operators avoiding any significant concerns or actions to disrupt the network.
- **Network operation** – CA would monitor services to ensure they operate in line with EP Scheme commitments.
- **Fares and ticketing** – CA would ensure that a range of multi-operator tickets were in place through agreement with bus operators.
- **Marketing and brand management** – CA would own, develop and implement branding and marketing initiatives in line with EP Scheme commitments agreed with operators.
- **Performance monitoring** – CA would monitor performance against BSIP ambitions and targets and EP commitments and requirements to inform any changes to the EP.

- **Customer relations** – CA and bus operators would share responsibility for managing the relationship with customers, receiving feedback and engaging with them to improve the customer experience.

7.251 Under an EP, revenue risk on commercial services would remain with bus operators. However, requirements within the EP Scheme could impact on revenue both positively and negatively. Where positive, the CA would seek to identify this and have mechanisms in place to ensure a certain amount of this was reinvested into service improvements.

### Ability for CA to deliver bus service improvements

7.252 The level of ambition for the bus network in Cambridgeshire and Peterborough is huge. This reflects the importance attached to the provision of an excellent and comprehensive bus service in helping to achieve so many other local objectives and initiatives. The bus has never been so high on the agenda. This level of interest and support will help secure the delivery of the transformation that is desired.

7.253 Over the years, various positive initiatives and schemes have been introduced, including:

- **St Ives – Cambridge guided busway**, along with the busway south of Cambridge to the Biomedical Campus and Trumpington. Recognising the passenger growth on busway services pre-pandemic, Stagecoach invested in a new 18-vehicle fleet, including high-capacity double deck buses.
- **Park & Ride** services from 5 sites surrounding Cambridge, which are operated commercially by Stagecoach.
- **East Cambridgeshire Connect** – a pilot integrated demand responsive demonstration project as part of the DfT-funded Total Transport initiative.
- New **DRT service (Ting)** was launched in West Huntingdonshire as a trial in 2022, becoming a permanent feature in 2023.
- Trial of two **zero-emission electric double deck buses** in Cambridge, followed by ZEBRA funding for a further 30 battery-electric double deck buses introduced to the Cambridge Park & Ride services and one further city service.

7.254 The CA has taken on responsibility for **supporting more bus services**, to help maintain the network. In October 2022, notice was given of the intention to withdraw a significant number of commercial services. CPCA procured replacement services and introduced a Mayoral precept in April 2023 specifically to raise the funds locally to maintain these services. This year, the precept was increased to facilitate new and enhanced bus services across the area, which are in the process of being implemented.

7.255 The CA has a long commitment to pursuing and resourcing bus reform to help deliver its ambitions. Following a Strategic Bus Review in 2018, it published a notice of its intention to investigate bus franchising in 2019. Later that year, extensive market research was carried out to understand what bus users and non-users wanted from bus services. Following the uncertainties of the impact of the pandemic on the bus network, this assessment was



recommended in 2022, along with the formulation of an ambitious new Bus Strategy that responded to the changing operating environment, new policy objectives of the Local Transport and Connectivity Plan and other local opportunities, including the Making Connections proposals of the Greater Cambridge Partnership.

7.256 The following tables set out the competencies required by the CA to deliver Franchising or an EP respectively, highlighting those areas where these would need to be enhanced.

Table 7-25: Required competencies for Franchising

Function	Competency	Extent currently available	Additional capacity or competency required
Strategy and programme management	<ul style="list-style-type: none"> <li>• Programme and risk management</li> <li>• Bus Strategy development and management</li> <li>• Continuous innovation</li> <li>• Forecasting future requirements</li> <li>• Overseeing strategic programmes</li> </ul>	Some capability already in place.	Bus Transformation Lead Officer currently being appointed. Additional capacity will be required to achieve significant enhancement of the bus network.
Commercial management	<ul style="list-style-type: none"> <li>• Pricing and ticketing strategy and setting fares</li> <li>• Implementing commercial objectives</li> <li>• Increasing demand and revenue receipts</li> <li>• Pricing and fees for service permits</li> </ul>	Minimal skills currently available.	Additional team members to be appointed to oversee pricing, fares and ticketing and provide commercial insights.
Bus planning and development	<ul style="list-style-type: none"> <li>• Network planning and design, including routes, timetabling and scheduling</li> <li>• Service specifications</li> <li>• Issuing service permits</li> <li>• Liaison with operators</li> <li>• Stakeholder engagement regarding service changes</li> </ul>	Exists but need for more capacity.	Additional posts to be appointed to bolster capacity.
Procurement and contracts management	<ul style="list-style-type: none"> <li>• Contract specifications and documentation</li> <li>• Overseeing contract award and tender evaluation</li> <li>• Monitoring compliance and service delivery</li> <li>• Contract payments</li> <li>• Contract variations</li> </ul>	Exists, but more capacity needed to deal with number and scope of contracts.	Additional capacity and capability required.
Bus operations and monitoring	<ul style="list-style-type: none"> <li>• Liaison with operators regarding day-to-day management of services and disruption due to roadworks or major events</li> <li>• Real time customer messaging</li> <li>• Monitoring and measurement of KPIs and network standards</li> </ul>	Exists but limited capacity.	Additional capacity and capability required.
Infrastructure	<ul style="list-style-type: none"> <li>• Maintaining a register of assets</li> <li>• Management and development of bus stops, shelters and equipment</li> <li>• Liaison with owners of bus stations</li> <li>• Liaison with owners of Busway and Park &amp; Ride sites</li> </ul>	Exists but limited capacity.	Additional capacity and capability required.

<b>Function</b>	<b>Competency</b>	<b>Extent currently available</b>	<b>Additional capacity or competency required</b>
	<ul style="list-style-type: none"> <li>• Development and management of depot provision</li> </ul>		
Customer experience, promotion, marketing and communications	<ul style="list-style-type: none"> <li>• Customer and stakeholder engagement and feedback</li> <li>• Customer complaints and queries</li> <li>• Branding</li> <li>• Information provision</li> <li>• Marketing</li> </ul>	Some central communications, but not specific to public transport.	Additional capacity and capability required.
Human relations	<ul style="list-style-type: none"> <li>• Managing CPCA staffing requirements in public transport team</li> <li>• TUPE/transfer arrangements between operators</li> <li>• Setting minimum standards for operator staff</li> <li>• Training requirements</li> </ul>	Exists but limited capacity.	Additional capacity required.
Finance	<ul style="list-style-type: none"> <li>• Financial control and statutory accounting</li> <li>• Revenue collection and payment processing</li> </ul>	Exists but limited capacity.	Additional capacity required.
Legal	<ul style="list-style-type: none"> <li>• Legal advice and support</li> </ul>	Exists but limited capacity.	Outsourced additional capacity.

Table 7-26: Required competencies for an Enhanced Partnership

Function	Competency	Extent currently available	Additional capacity or competency required
Strategy and programme management	<ul style="list-style-type: none"> <li>• Bus Strategy development and management</li> <li>• Managing EP Board and responsibility for EP Plan and Scheme variations</li> <li>• Continuous innovation</li> <li>• Forecasting future requirements</li> <li>• Overseeing strategic programmes</li> </ul>	Some capability already in place.	Bus Transformation Lead Officer currently being appointed.
Commercial management	<ul style="list-style-type: none"> <li>• Ticketing and fares strategy, including multi-operator ticketing products</li> </ul>	Minimal skills currently available.	Outsourced assistance to assist with set up and new role to oversee/manage.
Bus planning and development	<ul style="list-style-type: none"> <li>• Managing bus service registrations</li> <li>• Planning network and developing tenders</li> <li>• Liaising with operators</li> </ul>	Exists currently, but need for more capacity to implement bus network enhancements.	Additional role administering bus service registrations.
Procurement and contracts management	<ul style="list-style-type: none"> <li>• Contract specifications and documentation</li> <li>• Overseeing contract award and tender evaluation</li> <li>• Monitoring compliance and service delivery</li> <li>• Contract payments</li> <li>• Contract variations</li> </ul>	Exists currently but need for more capacity to implement bus network enhancements.	Additional capacity required to implement significantly enhanced network.
Bus operations and monitoring	<ul style="list-style-type: none"> <li>• Liaison with operators regarding day-to-day management of services and disruption due to roadworks or major events</li> <li>• Real time customer messaging</li> <li>• Monitoring and measurement of KPIs and network standards</li> </ul>	Exists but limited capacity.	Additional capacity and capability required.

<b>Function</b>	<b>Competency</b>	<b>Extent currently available</b>	<b>Additional capacity or competency required</b>
Infrastructure	<ul style="list-style-type: none"> <li>• Maintaining a register of assets</li> <li>• Management and development of bus stops, shelters and equipment</li> <li>• Liaison with owners of bus stations</li> <li>• Liaison with owners of Busway and Park &amp; Ride sites</li> </ul>	Exists but limited capacity.	Additional capacity and capability required.
Customer experience, promotion, marketing and communications	<ul style="list-style-type: none"> <li>• Customer and stakeholder engagement and feedback</li> <li>• Customer complaints and queries</li> <li>• Branding</li> <li>• Information provision</li> <li>• Marketing</li> </ul>	Some central communications, but not specific to public transport.	Additional capacity and capability required.
Human relations	<ul style="list-style-type: none"> <li>• Managing CPCA staffing requirements in public transport team</li> <li>• Setting minimum standards for operator staff</li> <li>• Training requirements</li> </ul>	Exists with limited need to develop.	No additional requirements.
Finance	<ul style="list-style-type: none"> <li>• Financial control and statutory accounting</li> </ul>	Exists with limited need to develop.	No additional requirements.
Legal	<ul style="list-style-type: none"> <li>• Legal advice and support</li> </ul>	Exists but limited capacity.	Outsourced additional capacity.

7.257 A move to Franchising or EP will create a need to increase the CA team’s capacity and widen the range of competencies. The likely additional roles required for both are summarised in Table 7-27 below, along with an indication of cost over the years 2024 to 2026.

*Table 7-27: Additional resource requirements*

<b>Functions</b>	<b>Franchising – staff numbers</b>	<b>EP – staff numbers</b>
Strategic lead	1	1
Network planning and service development	5	3
Infrastructure and ticketing	3	3
Contracts and procurement	2	0
Communications, information and branding	4	3
<b>Total additional posts</b>	<b>15</b>	<b>10</b>
Estimated cost of additional posts	£2.76m	£0.9m
Estimated cost of other internal support functions and outsourced support	£2.3m	n/a
<b>Total additional costs</b>	<b>£5.06m</b>	<b>£0.9m</b>

### Question L26

The Combined Authority will need to increase its capacity and capability to manage bus service improvements, both in the case of Franchising or Enhanced Partnership. Have you got any comments on these plans?

### Cross-boundary services and Service Permits

7.258 The CA will implement the Franchising Scheme across its whole area on commencement of the first franchised services. As such, all non-franchised services, including those still to be franchised at a later stage, will need to operate under Service Permits.

7.259 The CA will introduce a Service Permit system that will allow different requirements to be set for different types of service. These may include specifications regarding acceptance of other operators’ tickets and other vehicle and/or service requirements.

7.260 The length of specific types of Service Permit must be clear before operators apply for them. The duration of any Service Permit applied to services still to be franchised will be until the date that those services become franchised, ensuring continuity of service and smooth transition.

7.261 Before a Service Permit process is established it will be subject to separate consultation with operators and other interested parties (including neighbouring authorities), which will cover potential conditions that might be applied, including:

- Enabling tickets to be purchased or fares paid in a particular way.
- Requirement for operators to accept or issue specified tickets and comply with pricing of those tickets.
- Requirement of vehicles to comply with specific standards (such as age and emissions).
- Setting customer service standards.
- Setting operational standards.
- Requirement to offer discounted travel for specified groups.

- Requirement to publish information about the services (including fares), as well as other services in the franchised area.

7.262 The intention will be, as much as possible, to align the Service Permit requirements with those in the Franchising Scheme to ensure consistency of service over the area.

7.263 The CA will coordinate publication of Service Permit policy statement, so that it follows the publication of the Franchising Scheme. The policy statement will differentiate between different types of Service Permit. Those Service Permits for services operating until franchises are introduced are likely to have different requirement to those for long-term cross-boundary services.

7.264 As part of any application for a Service Permit to operate non-franchised services, the CA will be able to consider the service and its effect on any franchised services. The CA will have the right to reject services which fulfil the Service Permit requirements, but, in the CA's view, will abstract revenue for franchised services or other services operating under Service Permits.

## Implementation

7.265 The outline timescales for Franchising are shown below. These are only indicative at this stage and subject to more detailed planning, particularly to ensure that neither CA staff nor operators are overwhelmed with the scale of necessary work.

*Table 7-28: Franchising – Outline Timetable*

<b>Element</b>	<b>Description</b>	<b>Timescale</b>
Decision to submit Franchising Assessment to independent audit		September 2023
Independent audit		October 2023 – June 2024
Decision to go to public consultation	Project board approval	July 2024
Public consultation and stakeholder engagement	Online and paper survey options, supported with roadshow events	August – November 2024
Analysis of responses to consultation and production of consultation report	Measuring sentiment and responding to specific feedback where required	November – December 2024
Decision whether to franchise	Review of proposal, consider any potential variations arising from consultation or market conditions	January 2025
Franchise procurement preparation	Development of contract specifications, tender documentation and agreement on evaluation methods	March – May 2025
Procurement	Opportunity for future operators to become franchisees	May – November 2025
Award of first franchise contracts	Awards and standstill periods	March - April 2026
Mobilisation for contract and Service Permit Scheme introduction	Operators develop people plans for TUPE and training, build of any depots and	May 2026 – August 2027

Element	Description	Timescale
	associated infrastructure, ordering of any vehicles	
Franchised network introduced with introduction of first franchised services and services operating Service Permits	First services commence prior to new academic year	September 2027

7.266 If an EP was to be implemented, then the steps in achieving this are set out in Table 7-29. The timescales are indicative at this stage, as it is not yet known the extent of the measures and commitments that would be included, how long they would take to deliver, or what deadlines would be achievable for agreed commitments to be met.

*Table 7-29: EP – Outline timetable*

Element	Description	Timescale
Publish notice of intention to form an EP		July 2024
Informal discussions with bus operators about likely elements to be included in an EP	Round table discussions with operators and representatives	August – September 2024
Transition of Bus Operator Forum into formal EP Board, with Terms of Reference	Governance, organisation and invitees agreed	September 2024
Formal group/individual discussions with operators about elements to be included and commitments/requirements	Combination of group sessions and one to one meetings with current operators including Community Transport	October – November 2024
Formulate EP Plan based on Bus Strategy and agreed BSIP	Plan to include timeline, vision and objectives	December 2024 – January 2025
Formulate EP Scheme to include likely commitments and requirements on CPCA, other authorities and operators.	Incorporating feedback from stakeholders and targets for mode shift, carbon reduction etc	December 2024 – January 2025
Agree to submit EP Plan and Scheme to operator objection mechanism	Project board approval	January 2025
Operator objection mechanism		February 2025
Statutory consultation		March 2025
Response to consultation	Review of feedback and consider any variations to scheme	April 2025
EP Plan and Scheme made and notice to this effect published		May 2025
Requirements within EP Plan and Scheme come into effect		June 2025

## Programme management and governance

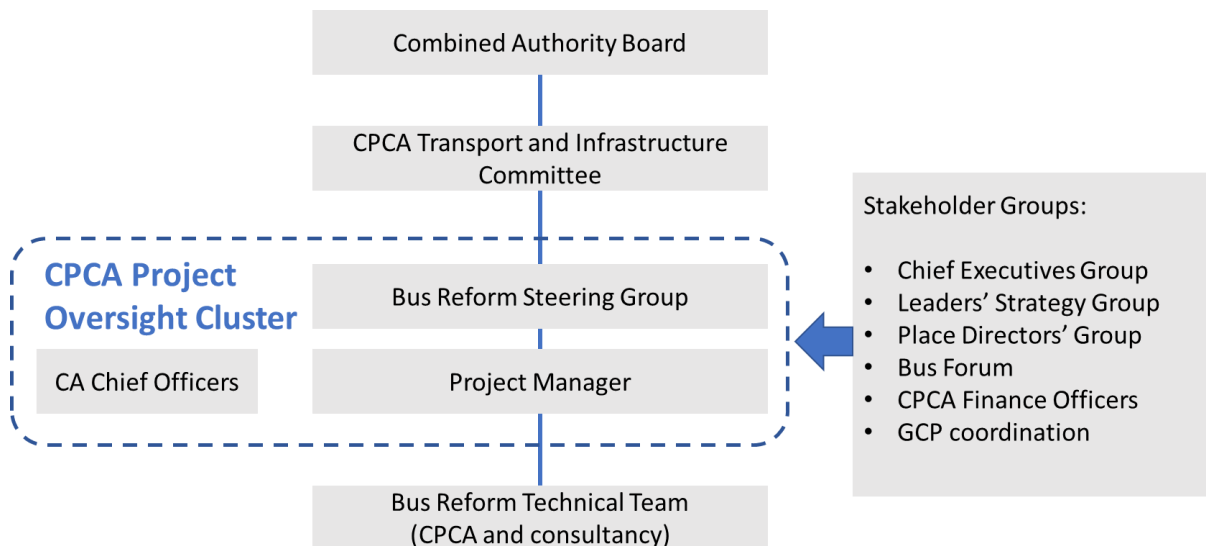
7.267 It is important to ensure that a Franchising Scheme or EP is carefully governed to ensure that stakeholder support is maintained and relevant benefits realised. A strong project management approach has been adopted to oversee the bus reform process. This has been established with the joint aims of:

- Using existing reporting structures for decision-making.



- Effective management of the technical work associated with the development and assessment of the delivery options.
- Engaging appropriately with stakeholder interests, facilitating two-way communication whereby stakeholders are informed of progress and have opportunities to influence developments.

Figure 7-8: Current governance and management



7.268 The CA has had a clearly defined governance framework in place to oversee the bus reform programme and decisions relating to the development of the assessment and plans for each of the delivery options, as illustrated above.

7.269 A primary project team has led the technical work. This consists of CA staff along with specialist advisors and consultancy support. The project team has been supported and guided by a Bus Reform Steering Group (which meets monthly) and CA Chief Officers. A designated project manager has coordinated activities and been the main link with the project team.

7.270 The CA's Project Oversight Cluster is collectively responsible for:

- Owning and maintaining the vision for the bus reform project.
- Overall accountability for project delivery and risk management.
- Agreeing project scope and direction.
- Ensuring that the assessment delivers an affordable solution.
- Providing leadership and direction of the project workstreams and reporting requirements.
- Coordinating wider organisational processes.
- Scrutinising all technical aspects and providing assurance and approval of project deliverables.
- Ensuring suitable skills and resources are in place to carry out the project activities.
- Contributing to the effective progression of the project.
- Achieving an appropriate reporting schedule.

7.271 The Project Oversight Cluster reports to the CA Transport and Infrastructure Committee (TIC) and ultimately to the Combined Authority Board and the Mayor. The Project Steering Group meets monthly. Update reports are made to TIC and CA Board.

*Governance for a Franchising Scheme*

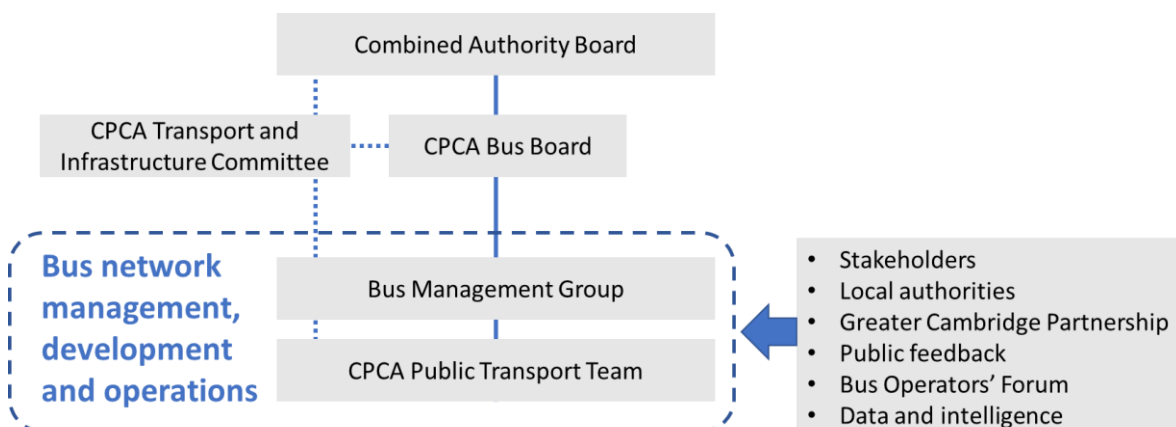
7.272 Whilst CPCA has a clear and defined governance structure, some adaptations would be needed to accommodate bus franchising and the necessity to delegate day to day management and decision-making, as well as reflecting the increased roles and responsibilities that would exist within the CA. A Bus Board would be established as a sub-committee of the CA Board. This sub-committee would oversee, direct and receive reports from a non-executive group (Bus Management Group), which would have direct day to day responsibility for the franchised bus network. The CA’s expanded Public Transport Team would report to the Bus Management Group.

7.273 The Bus Management Group would maintain contact with stakeholder interests and individual local authorities regarding the operation of the franchised network. The current Bus Forum would also continue to meet monthly to consider general operational matters; promotional activities; and performance and improvement to processes and arrangements around the franchised network and services running under Service Permits.

7.274 Individual authorities would be able to influence the shape of franchised operations within their areas, liaising with both the Bus Board and Bus Management Group.

7.275 The Bus Board would be responsible for key decisions regarding the franchised network, ensuring consistency over the Franchising Scheme as a whole and that no decision would adversely impact on the Scheme.

*Figure 7-9: Franchising governance*



7.276 The Bus Board would govern and oversee the delivery and running of the Franchising Scheme. It would meet monthly and by exception as necessary. It would be responsible for:

- Overall accountability for the operation of the Franchising Scheme and risk management.
- Providing leadership and direction of the Franchising Scheme to realise the benefits and achieve required outcomes.

- Receiving monitoring reports on network performance to inform strategic direction in response to changing operational conditions, such as variations in costs or revenues compared with forecast estimates.
- Coordinating wider organisational processes necessary to support the progression of the Franchising Scheme in line with wider organisational governance requirements.
- Provision and allocation of skills and resources to facilitate the Franchising Scheme activities.
- Maintaining the strategic relevance of the Franchising Scheme, taking account of business and environmental change.
- Acting as an ambassador for the bus network and contributing towards the effective progress of the aims and objectives of the Franchising Scheme.
- Ensuring that the reporting schedule to the CA Board is maintained.

7.277 After the Franchising Scheme has been made, the CA may seek to vary it at any point.

7.278 If there was a need to amend the requirements of the Scheme, such as the area to which the Scheme related or the description of the services intended to be provided, the formal variation process set out in the Transport Act would be followed. Any minor variations, such as day-to-day service requirements (e.g. amending a service timetable or introducing an express service on an existing route), would be implemented without use of the statutory process through the CA's Bus Board.

7.279 If there is a need to amend the requirements of the scheme, the CA would have to publish a notice stating the date on which the variations would take effect, and give notice to the Office of the Traffic Commissioner within 14 days of publishing the notice. It would also have to consult on the proposals, ensuring that all appropriate stakeholders (including operators and the CMA) and local communities were consulted on the nature of the service change. The consultation would ensure that the impacts, benefits and risks associated with the proposed changes have been fully explored and assessed before being implemented.

7.280 Following completion of the consultation, the Mayor would take the final decision as to whether to vary the scheme.

7.281 After the Franchising Scheme has been made, the CA may consider that the scheme is not viable in its current form and look to make changes. However, if it considers that the Franchising Scheme should be revoked, it can only do if it is satisfied that one of the following applies:

- Local bus services in the area to which the scheme relates are likely to be better if the scheme did not apply.
- Continued operation of the scheme is likely to cause financial difficulties for the authority.
- The burdens of continuing with the scheme are likely to outweigh the benefits of doing so.

7.282 The revocation of a Franchising Scheme is subject to the same procedure as the making of a scheme, except that Section 123G(3) Transport Act does not apply. The Mayor must make any decision to revoke the Franchising Scheme.

## Governance for an EP

7.283 In order to realise the benefits of an EP, clear and enforceable governance would be required. It would be the intention to build on current organisational structures. The Bus Forum would be formalised to become the EP Board, which would be responsible for overseeing the development and management of the EP Plan and Scheme. The Board would also include representatives of constituent authorities, permitting them to influence what is included. Equally, they may be asked to provide commitments in the form of facilities, such as bus priority measures and bus stations.

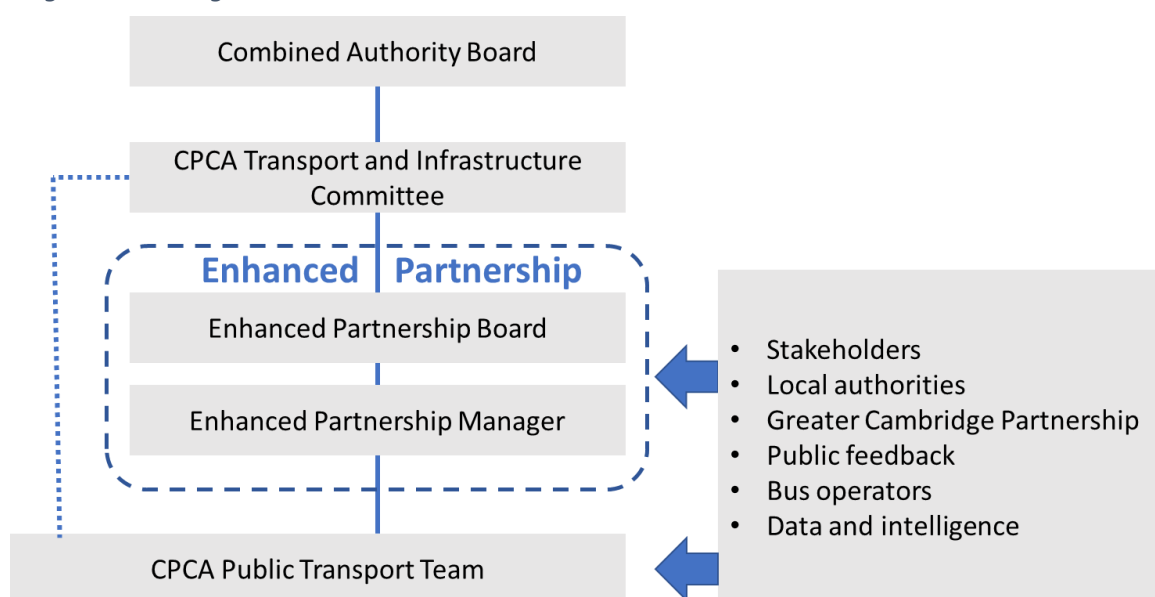
7.284 The EP Plan would essentially reflect the ambitions of the Bus Strategy and the BSIP.

7.285 The operation of the EP Board would be governed by separate Terms of Reference. Meetings of the Board would be monthly, whilst the EP Plan and Scheme are put in place, following which a decision would be taken regarding frequency of meetings.

7.286 The EP Board would agree what to include within the EP Plan and Scheme, including the detail of commitments in respect of facilities and measures to be provided and the requirements on operators. Where necessary, individual discussions would be held with each operator to agree ambitions and commitments.

7.287 In developing the EP Scheme, a bespoke variation mechanism would be devised to be used for future variations, streamlining the process compared with the original.

Figure 7-10: EP governance



7.288 A request to vary the EP Plan could be made by any member of the EP Board at any time. Notice would be provided of a meeting to consider the variation. If accepted by the Board it would be subjected to the operator objection mechanism and statutory consultation, following which the variation would be made by the CA.

7.289 Using the agreed bespoke variation mechanism, it would be possible for any of the EP Board members to formally put forward consideration of a variation to the EP Scheme. Again, notice

would be given of a Board meeting to consider the potential variation. If there was unanimous agreement at the meeting, it would be approved and then go forward to be made, without any further action. If there was not unanimous agreement, the proposed variation would be put through a streamlined operator objection mechanism for 14 days. If approved, it would then go forward without further action.

7.290 An EP Plan can only be in place if there is an accompanying EP Scheme. Furthermore, an EP Scheme cannot exist without an EP Plan.

7.291 Using the agreed bespoke variation mechanism, it would be possible for any of the EP Board members to formally put forward consideration of a revocation of the EP Scheme. Again, notice would be given of a Board meeting to consider the potential revocation in the same way as a Scheme variation.

### Management Case conclusion

7.292 Franchising would require the implementation of a new operating framework, overseen by new governance and organisational structures. A Franchising Scheme would significantly change the way bus services were arranged, planned and operated, with the CA assuming more responsibilities and needing additional staff resource and capability.

7.293 The CA has already commenced an expansion of its Public Transport Team, which would provide the foundation for further development if the decision to introduce a Franchising Scheme was approved. The Management Case has highlighted that the Team would require up to 15 additional posts.

7.294 Transition to a franchised network is programmed to deliver the first franchised services in the first eight months and take about 3 years to complete, once the decision has been taken to introduce it.

7.295 The delivery of the ambitions for the bus network could be achieved through an EP. Transition to structures to achieve this would be relatively straightforward from the current position. An EP Plan and Scheme could be put in place within a year (if agreement between the CA and operators can be reached), with the Scheme setting various dates and deadlines for the introduction of commitments and requirements.

7.296 The CA's Public Transport Team would require some expansion to deliver a successful EP, with possibly 8-10 additional posts.

7.297 While the CA would be able to set the terms of a Franchising Scheme, the terms of the EP Plan and Scheme would need to be negotiated with operators. If full agreement cannot be reached, proposals would be put to the operator objection mechanism. If the relevant threshold of support is not reached, the EP Scheme would not proceed.

### Question L27

The Management Case sets out how the Combined Authority would manage the bus network under Franchising or an Enhanced Partnership. Do you have any comments on these plans?

## Assessment Conclusion

7.298 This Assessment has set out the case for regulatory reform of bus service delivery for the entire Cambridgeshire and Peterborough region. It has been undertaken in accordance with the Transport Act and with reference to relevant guidance, following the five-case structure of Strategic, Economic, Commercial, Financial and Management Cases.

7.299 The requirements of the Franchising Guidance have been dealt with as follows:

- **Compelling case for change** – Addressed in the Strategic Case, setting out the need for intervention and significant change to achieve the ambitions in the Bus Strategy and BSIP.
- **Objectives of bus reform** – These are set out within the Strategic Case.
- **Options** – Those options available (either EP or Franchising) are set out in the Strategic Case.
- **Assessment of options** – The options are considered across all five cases, in terms of their ability to achieve overall objectives and in respect of risk, resource requirements, affordability, benefits and value for money.
- **Selection of a preferred option** – This is described in the conclusion, based on the analysis and assessment through the five cases.

### Strategic Case

7.300 The Strategic Case highlighted the need for change to achieve the CA's wider policy ambitions, including those set out in the Bus Strategy. In particular, is the need of a step-change improvement in the bus network to help achieve the targets to reduce car miles by 15% and to double bus usage by 2030.

7.301 The Bus Strategy's vision is for a comprehensive network of bus services across Cambridgeshire and Peterborough that people find convenient, easy to use, reliable and good value for money, which is inclusive and offers a viable alternative to the car.

7.302 An enhanced network with greater connectivity and availability could be achieved under either an EP or Franchising. However, Franchising would provide the CA with greater control and influence over the shape and stability of the network, and the ability to ensure service connections and integrated fares and ticketing. Realisation of the full envisaged change would take a similar time under an EP or Franchising. Under an EP, delivery of change would be dependent on negotiations with operators, which, for some of the more ambitious requirements, could take extended periods (and, in some cases, may not be achieved at all). However, changes could be phased in as and when they had been agreed, rather than all in one go as would be the case with Franchising. In the case of Franchising, the CA would be able to dictate timescales and ensure delivery, subject to sufficient resources being available.

7.303 A comparison of the benefits of an EP and Franchising, at the medium level of investment (the most likely scenario to be taken forward) is set out below.

*Figure 7-11: Comparison of Benefits – Medium Investment Scenario*

<b>Benefits</b>	<b>Enhanced Partnership</b>	<b>Franchising</b>
Passenger efficiency benefits	Moderate benefit	Strong benefit
Economy benefits	Moderate benefit	Strong benefit

Support for wider CA ambitions and initiatives	Moderate benefit	Strong benefit
Greenhouse gas reduction	Slight benefit	Moderate benefit
Air quality emission reduction	Slight benefit	Moderate benefit
Non-monetised benefits	Moderate benefit	Strong benefit

7.304 Both EP and Franchising options offer the CA advantages to help achieve value for money through competition. An EP Scheme will allow some of the downsides of predatory competition in the deregulated market to be overcome, by allowing some protection for existing and new operators while maintaining any benefits that may accrue from on-street competition. Franchising requires competition amongst operators for service contracts to ensure best value is achieved and to maximise the number of services that can be provided for the budget available. The structure of the proposed Franchising Scheme has been developed in order to achieve this aim.

*Table 7-30: Comparison of Impact on Competition – Medium Investment Scenario*

<b>Impact</b>	<b>Enhanced Partnership</b>	<b>Franchising</b>
Anticipated impacts on the level and capacity of competition for bus service delivery	Minimal impact on number of bus operators in area	Potential to attract new operators to the market

7.305 In terms of maximising the user benefits through coordinated service provision, integrated ticketing, service stability and information provision, Franchising offers the CA the opportunity to take a more integrated approach to the overall planning and provision of its proposed network.

*Table 7-31: Comparison of Quality and Integration Benefits – Medium Investment Scenario*

<b>Impact</b>	<b>Enhanced Partnership</b>	<b>Franchising</b>
Revenue impact	Benefit	Strong benefit
Non-monetised quality and integration benefits	Benefit	Strong benefit

7.306 The ability to plan and coordinate the network as a whole will provide the flexibility to adapt and adjust the service offer to ensure continued sustainability and affordability of the network. Decision making and management of these adjustments will be aided by the CA's access to continuous, detailed performance data secured through franchise contracts.

7.307 Overall, the Strategic Case suggests that Franchising would offer advantages over an EP.

## Economic Case

7.308 The main consideration of the Economic Case is whether EP or Franchising represent value for money to the public sector. The Case considers the options in respect of their impact on wider society, appraising economic, social, and environmental benefits.

7.309 The appraisal was undertaken based on a forecast of revenue and operating costs by service, to allow for an understanding of the distribution of impacts across passengers, other residents and travellers, operators (of different sizes, both existing and new entrants), local authorities and central government.

7.310 The analysis shows that Franchising provides a net present value (NPV) of around £188 million, compared with £123 million for an EP, over the appraisal period. Furthermore, it is more beneficial in delivering a wider range and scale of non-monetised impacts and advantages.

7.311 There may be uncertainty under either an EP or Franchising. For an EP, this may occur in the early stages of negotiation and agreement of the commitments and requirements to be included. For Franchising, there would be uncertainty during the transition phase, where there would be the potential for legal challenge or operators taking actions to disrupt the process. Equally, during the period of contract procurement there may be uncertainty around outcomes, depending on the tendering strategies and decisions adopted by operators on pricing strategies. Furthermore, the entire bus network will be subject to that uncertainty.

7.312 In both cases, the level of uncertainty during the periods of operation is low, although under an EP, operators still have the commercial freedom to amend services at any point.

7.313 Where variations are sought in the provision of services and operation of the network, the EP opens up the need for further negotiations and the opportunity for operators to object, whereas change in respect of the franchised network will be governed by defined contractual change processes, resulting in less uncertainty.

*Table 7-32: Comparison of Economic Benefits*

<b>Impact</b>	<b>Enhanced Partnership</b>	<b>Franchising</b>
Net present value (NPV)	£123m	£188m
Overall non-monetised impacts	Benefit	Strong benefit
Distributional benefits	No group is identified as being negatively affected by the scheme	No group is identified as being negatively affected by the scheme
Initial value for money category	High	High
Uncertainty during transition	Medium	High
Uncertainty during operation	Low	Low
Future uncertainty	High	Low
Value for money including wider impacts	Medium	Medium
Adjusted value for money considering non-monetised impacts, distributional benefits and uncertainty.	High	High

7.314 In terms of value for money, both an EP and Franchising achieve this, whereby the benefits achieved outweigh the investment made. Franchising performs slightly better than the EP and has advantages in terms of the influence it provides the CA in dealing with uncertainty and guiding the distribution of benefits.

### Commercial Case

7.315 The Commercial Case considers whether the proposed commercial arrangements support the successful implementation of the options. An assessment was made against a number of commercial objectives as shown in Table 7-33.

*Table 7-33: Comparison of Commercial Issues*



<b>Impact</b>	<b>Enhanced Partnership</b>	<b>Franchising</b>
Public sector influence	Medium – low	High
Best value	High value	High value
Competition between bus operators	Low competition	Medium – high competition
Appropriate risk allocation	More private sector risk	More public sector risk
Ease of implementation	Individual improvements subject to EP board support	Improvements easier to implement once franchising in place
Recovery and flexibility	Network subject to effective stakeholder collaboration in times of disruption	CA has more control to effectively manage the network, including periods of disruption

7.316 Franchising is beneficial in providing the CA with significant influence over the bus network. However, Franchising involves much greater change than an EP and requires more resources and capabilities to implement. It also involves greater risk for the CA to manage.

### Financial Case

7.317 The Financial Case considers the projected cashflows and identifies income sources in order to assess affordability for the CA and the potential financial risk. The analysis is based on the forecasts of bus revenue and operating costs used in the Economic Case, along with consistent levels of investment between options.

7.318 This Case concludes that any of the options would require substantial financial support throughout the appraisal period. The level of both capital investment and on-going revenue to support a network of increased frequency services needs to be considered alongside any accompanying risks.

### Management Case

7.319 The Management Case considers the factors that influence the deliverability of the CA's arrangements under each option. Achievement of the CA's ambitions under an EP or Franchising will require additional staff resources and capabilities, along with stronger governance and organisational structures. This would be more so under Franchising because of the greater change in respect of the management and control of the entire network.

7.320 However, the ability to achieve a more coordinated, seamless network would be easier under Franchising. An EP Scheme would require more time and effort in negotiating change and requirements with operators.

### Equality Impact Assessment (EqIA)

7.321 An EqIA has been undertaken to compare the impacts on different groups with protected characteristics. The full document can be found in Appendix 6 and a summary of this is outlined below.

Table 7-34: Summary of EqIA

Protected Group	Effects of Franchising	Effects of Enhanced Partnership
Age	<p>Many older people will benefit from increased accessibility resulting from new demand responsive transport (DRT) services.</p> <p>Older people will benefit from reduced travel times.</p> <p>Improvements in bus stop and shelter design and provision would benefit older people.</p>	<p>Many older people will benefit from increased accessibility resulting from new DRT services.</p> <p>Older people will benefit from reduced travel times.</p> <p>Improvements in bus stop and shelter design and provision would benefit older people.</p>
Disabled people	<p>Disabled people in rural areas would benefit from increased accessibility as a result of improved demand responsive transport (DRT) services.</p> <p>Improvements in bus stop and shelter design and provision would benefit disabled people.</p> <p>Vehicle branding would benefit those with visual and cognitive disabilities.</p>	<p>Disabled people in rural areas would benefit from increased accessibility as a result of improved DRT services.</p> <p>Improvements in bus stop and shelter design and provision would benefit disabled people.</p>
Gender reassignment	<p>Passengers would benefit from improved vehicle design, including additional security measures.</p> <p>Improvements in bus stop and shelter design and provision would benefit gender reassignment people through improved security.</p>	<p>Improvements in bus stop and shelter design and provision would benefit gender reassignment people.</p>
Gender	<p>Female passengers and families would benefit from reduced fares.</p> <p>Passengers would benefit from reduced travel times.</p> <p>Female passengers would benefit from improved vehicle design, including additional security measures.</p> <p>Improvements in bus stop and shelter design and provision would benefit female passengers.</p>	<p>Female passengers and families would benefit from reduced fares.</p> <p>Passengers would benefit from reduced travel times.</p> <p>Improvements in bus stop and shelter design and provision would benefit female passengers.</p>
Pregnancy and maternity	<p>Mothers would benefit from reduced travel times.</p> <p>Improved vehicle design would benefit mothers.</p> <p>Improvements in bus stop and shelter design and provision would benefit mothers.</p>	<p>Mothers would benefit from reduced travel times.</p> <p>Improvements in bus stop and shelter design and provision would benefit mothers.</p>

Protected Group	Effects of Franchising	Effects of Enhanced Partnership
Race (ethnicity)	Improved vehicle design, including additional security measures, would benefit Black, Asian and Minority Ethnic (BAME) communities.  Improvements in bus stop and shelter design and provision would benefit those from BAME communities.	Improvements in bus stop and shelter design and provision would benefit those from BAME communities.
Religion and belief	Improved vehicle design, including additional security measures, would benefit all communities.  Improvements in bus stop and shelter design and provision would benefit those from all communities.	Improvements in bus stop and shelter design and provision would benefit those from all communities.
Sexual orientation	Improved vehicle design, including additional security measures, would benefit all communities.  Improvements in bus stop and shelter design and provision would benefit those from all communities.	Improvements in bus stop and shelter design and provision would benefit those from all communities.

### Question L28

The Combined Authority's draft Equality Impact Assessment (EqIA) identifies the potential impacts of the proposed Franchising Scheme or Enhanced Partnership on people with protected characteristics. Do you have any comments on it?

### Recommendation

7.322 The following table summarises the findings of the Five Cases within the Assessment.

Table 7-35: Summary findings of the Five Cases

	Enhanced Partnership	Franchising
Strategic Case	Some alignment with national and regional policies and objectives	Strong alignment with national and regional policies and objectives
Economic Case	High value for money	High value for money
Financial Case	Requires significant financial support	Requires significant financial support
Commercial Case	Limited risk and responsibilities for Combined Authority	CA would take on significant financial and reputational risks and gain the ability to respond to changing circumstances through its overall control and management of the network and access to performance data.

Management Case	Additional workload for CA to manage the partnership and investment schemes, but reduced responsibilities compared to Franchising	Large workload for CA to manage the Franchising and investment schemes
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7.323 The CA must reform its approach to the way bus services are provided, in accordance with the requirements of the National Bus Strategy. Doing nothing is not an option, so this means a necessary introduction of either an EP or Franchising.

7.324 A decision on which of Franchising or EP should be adopted as the preferred option requires consideration across the five cases, which make up the detailed assessment of options activity set out in the Franchising Guidance. The performance against the scheme objectives, consolidated by Case and key issue, are presented below.

Table 7-36: Assessment of each option

Scenario		Strategic Impact - A reliable, convenient and easy to use bus system	Likelihood of achieving strategic aims	Economic viability - Value for Money	Commercial Deliverability	Practical deliverability	Financial Sustainability	Management and Resources	Potential for challenge	Comments
	Franchise	A transformed network with increased patronage and service coverage along with ticketing and service integration.	Balance of investment and control is appropriate. Aims achievable without wider policy.	Good value for money.	CA would take on significant financial and reputational risks.	Large increase in CA responsibilities.	Requires significant financial support.	Organisational change required for CA.	Potential for operator challenge due to scale of market changes.	Emerging preferred option. Most likely to deliver strategic impact with good value for money. Risks for deliverability, resources and affordability are acknowledged.
	EP	A transformed network with increased patronage and service coverage, some limits to introduce ticketing and network integration.	Balance of investment and control is skewed towards investment. Control over outcomes limited.	Good value for money.	Limited risk and responsibilities for CA.	Limited change in CA responsibilities.	Requires significant financial support.	Incremental workload increase for CA.	Political challenge possible due to handover of large amounts of investment to the private sector with less control on outcomes.	Next best alternative. Some strategic impact due to investment, but limits on the control of the outcomes may reduce the impact. Good value for money and deliverability.
No Decision		A declining network with falling patronage, reduced services.	CA would come under considerable pressure from electorate and operators.	No investment to assess value for money.	CA would need to provide ongoing additional support annually to retain service network.	CA would need to take on increased responsibility for the network with no increase in resources.	CA budgets would need to increase above inflation to retain current network.	Continuing need to assess value of service and instigate cuts.	Communities affected by bus service cuts likely to present significant reputational challenges.	Reflects a continuation of the current situation.

7.325 It is clear that Franchising offers advantages for the CA in achieving its strategic objectives, allowing full influence over outcomes and the efficient delivery of bus service improvements to passengers, and bus network changes which support the delivery of wider policy ambitions.

7.326 The Economic Case shows that both options would be justifiable public sector interventions, at least at the medium investment level.

7.327 Whilst an EP has fewer risks, Franchising has clear advantages in terms of the Commercial Case, with more certainty in delivery and greater confidence in achieving desired outputs from the ability to flexibly manage and adapt services.

7.328 The Financial Case shows that all options are affordable, although the CA would be required to provide ongoing financial support throughout the period. However, to maintain the same improved service levels, the Franchising option would require slightly lower levels of financial support than the EP option.

7.329 The Management Case demonstrates that either option is deliverable by the CA, although both options would require an expansion of the CA's public transport team.

7.330 Having undertaken this Assessment in accordance with the relevant requirements of Transport Act and the Franchising Guidance, the Combined Authority considers that, on balance, the strategic advantages of Franchising and the increased certainty which it brings in terms of outcomes, outweigh the disadvantage of taking on significant financial risk. On the basis of this Assessment, the CA recommends that the Franchising Scheme is adopted as its Preferred Option for bus reform.

#### Question L29

To what extent do you support or oppose the introduction of the proposed Franchising Scheme?  
Why do you think this?

Strongly support

Tend to support

Neither support nor oppose

Tend to oppose

Strongly oppose

Don't know

#### Question L30

Are there any changes that you think would improve the proposed Franchising Scheme?

#### Question L31

Do you have any further comments?

The Appendices for the Consultation Document are all available and accessible from the right-hand panel of the Bus Franchising Consultation home page as well as other useful information.