



**CAMBRIDGESHIRE
& PETERBOROUGH**
COMBINED AUTHORITY

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Consultation note: The financial forecasts contained within this Strategic Delivery Plan have been prepared using professional practices, procedures, data and assumptions available at the time of analysis. The modelling is intended to provide an indicative assessment of the potential financial implications of bus franchising under a range of scenarios and should not be regarded as a firm prediction of future outcomes. Actual outcomes may differ from those forecast and any material changes in information, market conditions, policy, funding availability or operational requirements may alter the validity of the results and conclusions presented. The financial forecasts should therefore be considered within the context of the evidence available at the time of preparation and as one input to future decision-making rather than a definitive statement of future financial performance.

Executive Summary

This Strategic Delivery Plan (SDP), prepared by Steer, sets out a clear, evidence-led pathway for the Cambridgeshire and Peterborough Combined Authority (CPCA) to guide the transition to a franchised bus network in a manner that is affordable, deliverable, and aligned with policy objectives. Its primary intention is to translate the recommendations of the Mayor's Independent Review and address the subsequent questions from the legal review into a strategic plan that integrates decisions on franchise contracting strategy, depots and fleet provision.

The SDP refines the delivery pathway for franchising in response to updated financial constraints and better understanding of implementation risks. This has resulted in several deviations from the original franchise assessment case. However, these changes do not alter the objectives of the scheme as set out in the 2024 Franchise Assessment. A consultation on the proposed changes is being developed.

Network Lotting Strategy

To enable the franchising of the network, routes are required to be packaged into commercially viable and operationally coherent contracts that attract competition, enable efficient delivery, and ensure a stable, affordable transition to a franchised network.

The proposed lotting strategy for CPCA packages franchised routes into a balanced portfolio of larger Tier A and smaller Tier B franchise contracts, based on the principles in Table 1. This is based on the existing base bus network (as of March 2026).

Table 1 Network Lotting Strategy Development Principles

Principles	Description
Value for money through scaled, deliverable lots	Structure lots at sufficient scale to attract multiple bidders, drive competitive pricing, and underpin investment in new depots and potentially fleet, while avoiding inefficient fragmentation.
Balanced portfolio supporting SMO participation	Provide a defined mix of core large lots and smaller, self-contained packages to enable SMO participation and growth, without compromising overall efficiency or deliverability.



Geographical suitability	Base lot boundaries on geographic coherence, depot locations and capacity to minimise dead mileage, support interworking, and reflect operational constraints.
Risk-balanced and market-stabilising packaging	Balance revenue profiles and financial risk across lots by combining profitable, marginal, and socially necessary services appropriately; avoid stripping high-revenue routes in ways that destabilise the residual commercial market or distort competition.
Practical, phased implementation to assure standards	Ensure lotting supports ease of handover, TUPE continuity, and phased transition, while incorporating targeted PVR growth for reliability using an agreed calculation mechanism and maintaining network stability throughout implementation.

To help manage the transition to franchising, a lotting area approach has been used, based around the major bus destinations in the region (Cambridge and Peterborough), depot locations and the geographical operation of the existing bus network.

It is important to note that the lotting areas are designed for the purposes of the tendering approach to franchising and not directly the passenger understanding of the network and how to navigate it. That will be developed further within the wider programme, including a customer engagement strategy.

- North West Lotting Area: Peterborough, March and Wisbech
- Central Lotting Area: Busway, St Ives, Ramsey, Chatteris, March, Huntingdon, St Neots, Cambourne
- East Lotting Area: Cambridge, Ely, Newmarket, Haverhill, Royston

Each bus route in the region is allocated to one of these three areas. Within each area services will be split into lots, according to the principles in Table 1. Within each area, there will be two categories of lots: Tier A and Tier B

- **Tier A lots** – single large lot, within each area, typically located around a strategically located depot. These are intended to provide opportunities for large operators.
- **Tier B** – numerous smaller lots, aimed at promoting competition within the market, with the focus on creating opportunities for Small and Medium Operators to grow.

The allocation of services to each lot package is summarised below and in more detail in the Network Lotting Strategy section. It is not the final allocation, as it is expected that some changes will take place (i.e. swapping of routes into different lots) as more detailed final assessment is made on operational efficiency, affordability, and incorporation of the Network Reimagining work (the ongoing review of thirty five CPCA funded, contracted services). Proposed timelines for implementation for each area and lot package are presented in Table 5 and Table 6.

North West Area

The North West Area covers Peterborough and surrounding areas, including March, Wisbech and cross boundary into Spalding (Lincolnshire). The main depots that routes in the area operate from are Peterborough, Spalding, Somersham and Yaxley, with Spalding being outside of the CPCA area.

- **Tier A** – comprising a large lot of 27 routes, making use of the proposed new Peterborough depot.

- **Tier B** – two area-based lots covering services in Wisbech and March.

Table 2 Summary of North West Area Lot Packages

Tier	Tier Sub Package	Routes	Estimated Peak Vehicle Requirement (PVR)	Franchise contract Target Start Date
A	Peterborough	1, 2, 3, 4, 6, 23, 24/24X, 25/25A/25X, 27, 33, 46, 56, T7, 60, 61, 62, 63, 415, 904, 5/5A, X31, 48	63	June 2029
B	Wisbech	50, 66, 68, 43/43A	3	June 2029
B	March	32, 302, X32, 33A	4-5	June 2029

Central Area

Central Area packages have been built around the Cambridgeshire Guided Busway and groups of routes within Chatteris, Huntingdon, St Ives and St Neots. There are three main depots well located for this area, Stagecoach East's Fenstanton Depot, Whippet's Swavesey Depot and Dews Coaches' Somersham Depot.

- **Tier A** – comprising busway routes (A, B and T1), Route 5 operating out of Stagecoach's Fenstanton depot and Routes 5A, 8, 67 and 67B
- **Tier B** – six area-based lots covering: Cambridge – Bedford; St Ives, Chatteris and Ramsey; Huntingdon; St Neots; Cambourne; and the Zipper (ZIP) routes.

Table 3 Summary of Central Area Lot Packages

Tier	Tier Sub Package	Routes	Estimated PVR	Franchise contract Target Start Date
A	Busway+	A, B, T1, 5, 5A, 8, 67 / 67B	40	June 2028
B	Cambourne	4, 18/18A, X2, X3	16-17	June 2029
B	Cambridge to Bedford	905	6	June 2028
B	St Ives/ Chatteris/Ramsey	9, 300, 303, 305, 69, 301/301S/301V/301X, T12	7	June 2028
B	Huntingdon	AW1/AW1X	1	June 2029
B	St Neots	61, 65, 66, 150, C2	6-7	June 2028
B	Zipper (ZIP)	ZIP, ZIP 2, ZIP 3	4	June 2029

East Area

The East Area is centred on Cambridge and covers Ely, Newmarket, cross boundary into Haverhill (Suffolk) and Royston (Hertfordshire). Stagecoach's existing Cambridge depot is the main depot in the area, with smaller depots at Ely, Haverhill, Littleport and Royston, two of which are outside of the CPCA area.

- **Tier A** – comprising a large lot of 21 routes, making use of the Cambridge depot.



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- **Tier B** – four area-based lot covering services in Ely/Newmarket, Haverhill and services to the East and South of Cambridge.

Table 4 Summary of East Area Lot Packages

Tier	Tier Sub Package	Routes	Estimated PVR	Franchise contract Target Start Date
A	Cambridge	6, 8, 9, 12, 100, 110, 8A, PR5, T2,T3, T4, T5, 7, 13/13A/X13, PR4, PR2, PR2F, PR3, PR1, 1, 2, 3	91	June 2030
B	Ely/Newmarket	10,12,47,112,117,129 203,204, 901-904	6	June 2030
B	Cambridge South	114, 17, 26, 75, 101, 199, 7A, X75	8	June 2030
B	Cambridge East & Haverhill	16A, 18, 19, 46A	3-4	June 2030

Timeline for Implementation

Aligned to the recommendations in the Independent Review to manage the transition to franchise contracts, the timing of the procurement and implementation of each Tier A and Tier B lot packages will need to be phased. The phasing has been determined by four primary factors:

- Depot Readiness – alignment of Tier A contract start dates to the commissioning of the new Peterborough depot and feasible access to a depot in Cambridge.
- Expiry of Existing Tendered Contracts – alignment of new franchise contract with the end of existing tendered contracts.
- Capacity of the CPCA to manage the multiple franchise competitions.
- Allowing for sufficient mobilisation time both for operators and the CPCA.

Furthermore, the timing of each Tier B lot reflects a combination of commercial, contractual and programme delivery considerations. In particular:

- **Alignment with existing contract expiry:** Where start dates align closely with existing tendered contract end dates, this minimises duplication of procurement activity and avoids unnecessary contract extensions.
- **Deferred start beyond contract expiry:** Where Tier B start dates are later than current contract expiry, this reflects the need to:
 - bundle services into coherent franchise packages
 - allow sufficient time for market preparation, particularly for SMOs, and
 - sequence procurement activity within CPCA's delivery capacity.
- **Phased programme delivery:** Later start dates also reflect the need to stagger procurement, mobilisation, and implementation across Tier A and Tier B contracts, ensuring that CPCA and the market can deliver each phase effectively.

The overarching implementation timeline for Tier A and Tier B contracts for each area is presented in Table 5 and Table 6. There is expected to be further refinement of the timeline as details are worked through on each the above primary factors.

Table 5 Tier A Implementation Timeline

Area	Franchise Start	Preparation of Tenders	Procurement (bidding /evaluation)	Award of tenders	Mobilisation
Central Area	June 2028	Sept 2026 – March 2027	April 2027 – Sept 2027	Sept 2027	Sept 2027 – Jun 2028
North West Area	June 2029	Sept 2027 – March 2028	April 2028 – Sept 2028	Sept 2028	Sept 2028 – Jun 2029
East Area	June 2030	Sept 2028 – March 2029	April 2029 – Sept 2029	Sept 2029	Sept 2029 – Jun 2030

Table 6 Tier B Implementation Timeline

Area	Franchise Start	Preparation of Tenders	Procurement (bidding /evaluation)	Award of tenders	Mobilisation
Central Area Part A	June 2028	Sept 2026 – March 2027	April 2027 – Sept 2027	Sept 2027	Sept 2027 – Jun 2028
Central Area Part B	June 2029	Sept 2027 – March 2028	April 2028 – Sept 2028	Sept 2028	Sept 2028 – Jun 2029
North West Area	June 2029	Sept 2027 – March 2028	April 2028 – Sept 2028	Sept 2028	Sept 2028 – Jun 2029
East Area	June 2030	Sept 2028 – March 2029	April 2029 – Sept 2029	Sept 2029	Sept 2029 – Jun 2030

Interim Approach

An interim delivery period is required because the proposed start dates for the Tier A and Tier B franchise contracts are now later (June 2028 – June 2030) than the original implementation timing set out in the Franchise Assessment, which assumed an earlier transition to franchised operations starting in September 2027.

The interim period therefore needs to provide a structured bridge between the existing market and the future franchised system, allowing CPCA to maintain service continuity, manage transition risks, support operational readiness for SMOs, and, where appropriate, begin introducing elements of the franchising model ahead of full rollout.

There are two primary interim approaches that can be taken to routes in the interim period between September 2027 and the start of each franchise contract:

1. Continue with Existing Arrangements



- Where routes are currently commercially operated, allow those routes to continue to operate as commercial routes by their current operator without CPCA intervention. These also include routes that are partially supported by the CPCA.
 - Where routes are currently fully supported by the CPCA under tendered contracts they will continue to be operated as tendered contracts and may need to be retendered in the interim.
- 2. Issue of Direct Awards (DAs) of franchise style contracts of routes to current operator(s), where appropriate with principles in Table 7.**
- A Direct Award is the award of a franchised bus contract by the authority directly to an incumbent operator of a route, without running a full competitive procurement. The issuing of a Direct Award may only be made to operators in line with statutory requirements (see Table 7) including the route being operated continuously by the incumbent for the required qualifying period (for at least 3 months prior to the start of the contract) and only be a time-limited solution as a bridge to franchising.
 - Direct Award is now explicitly permitted under recent legislative changes, introduced through the Bus Services Act 2025, which provides franchising authorities with the power to directly award contracts to incumbent operators as part of the franchising framework.
 - Issuing of Direct Awards from September 2027 on selected routes to incumbent operators will allow the rollout of certain franchise features (e.g. performance metrics, branding etc) in the interim period.
 - Direct Awards are net cost contracts, meaning that operator retains revenue. Meaning that for existing commercial services that are Direct Award, CPCA will likely pay no costs, but also receive no revenue. For fully supported or part supported routes, CPCA will continue to incur cost of subsidising those routes.

CPCA decisions on which routes are given Direct Awards, will be based on an agreed set of principles. High level principles for the use of Direct Awards are set out in Table 7.

Table 7 Direct Award Principles

Principles	Description
Network Stability and Service Protection	The purpose is to get ahead of market reactions, rather than respond reactively to operator decisions. DAs should be used where maintaining the status quo would risk unmanaged service withdrawals, reductions, or erosion of the network ahead of full franchising. This is particularly relevant for: • Borderline or marginally commercial services • Services affected by wider network changes elsewhere • Areas where withdrawal would undermine future franchising packages or public confidence
Support for SMO Market Development	DAs should not be used to permanently shield incumbents from competition, but to prepare the market for it. DAs may be used to support SMOs as part of a managed transition into franchising, where this aligns with the authority's wider market-shaping objectives. This includes: • Providing SMOs with continuity and scale ahead of competitive franchising • Enabling learning and readiness for franchise contracts (e.g. systems, reporting, performance regimes)

Principles	Description
	Avoiding 'cliff-edge' loss of all existing work for local operators where feasible and proportionate.
Targeted Use - Not Wholesale Substitution for Competition	There is no fixed percentage of the network that may be direct-awarded; instead a reasonableness and proportionality test should be applied. DAs should be used selectively and proportionately, not as a substitute for competitive franchising across large parts of the network. Key considerations include: - Maintaining a clear and credible route to competitive tendering - Avoiding perceptions of franchising being bypassed or diluted - Managing legal challenge risk through scale, sequencing and justification
Clear Statutory Eligibility	DAs may only be made to operators in line with statutory requirements - Routes subject to DA must have been operated continuously by the incumbent for the required qualifying period (for at least 3 months prior to the start of the contract) - DAs must be time-limited and used explicitly as a bridge to franchising - Wholesale reconfiguration of routes should be avoided until competitive franchising - This has direct implications for how re-imagining and network redesign projects are sequenced alongside DA use
Deliverability and Organisational Capacity	DAs should reduce, not increase delivery risk during transition. The scale and timing of DAs must reflect the authority's - Procurement and contract management capacity - Legal and commercial resource availability - Ability to administer multiple parallel regimes (commercial, supported, DA, franchise)
Ability to Impose Franchising Standards Early	A core advantage of DAs is the ability to require early compliance with franchising standards that cannot be managed under purely commercial operation, including: - Ticketing integration - Data, reporting and performance standards - Vehicle, branding and customer experience requirements However DAs should only be pursued where operators are willing to contractually commit to these requirements.

Direct Awards will be used selectively during the interim period to either protect network stability or support SMO participation, and/or enable early delivery of franchising outcomes. Their use must result in a clear, proportionate, and legally robust route to competitive tendering being maintained. Each Direct Award will be supported by a clearly documented rationale setting out:

- Why a Direct Award is preferable to the maintaining the existing arrangements?
- How issuing a Direct Award supports franchising objectives?
- How will the Direct Award allow for the transition into a franchise competition?
- Is there clear statutory eligibility to allow the operator a Direct award?

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]



The next step will be to undertake a more detailed, route-by-route assessment against the agreed Direct Award principles to confirm suitability and ensure consistency with the overall programme objectives. It should also be noted that any Direct Award remains subject to operator agreement and the negotiation of acceptable contractual terms.

Interface between commercial and franchised services during transition

Further work is required to define how the interface between commercial and franchised services will be managed during the transition period. This will include consideration of the implications for network stability and performance, competitive dynamics between franchised and non-franchised, ticketing arrangements, branding consistency, and customer experience.

While these issues will be worked through in more detail as the programme develops, they are recognised as important factors in ensuring a coherent and effective transition to the franchised network.

A key risk that will undergo further due diligence and engagement is the stability of the network during the transition and ensuring limited or no commercial services are de-registered. The CPCA will engage closely with commercial bus operators as part of the management of the network to ensure common understanding on route performance and the sharing of improved data.

Depot

The Strategic Delivery Plan for Depots for the franchising programme is driven by a small number of critical, interrelated decisions and constraints. These decisions have a material impact on deliverability, operational cost, operator appetite, and the ability of the franchised network to evolve over time.

The choice of fuels for the bus fleet to be used under franchising, along with the method of procurement and ownership responsibilities, will have a substantial impact on the depot locations, sequencing and costings. For reasons explored in more detail

subsequently in the SPD and to ensure a robust financial analysis is possible, it is recommended that battery electrification is the preferred approach for where there is a CPCA-owned bus fleet. Much of the rest of this report is written on that basis. However, it is noted that there are alternatives to battery electrification being developed that will need to be checked before procurement to ensure that these do not offer greater value.

The focus of the Plan is setting out the decisions and timelines relating to depots for “Day One” of franchising of Tier A contracts in each area and for the first contract period.

However, by their nature, depot and fleet decisions have long asset lives and therefore must be taken with full consideration of longer-term implications beyond the first contract period, including future fleet transitions, depot expansion, residual value risk, and whole-life cost impacts.

Recommendations and timelines are underpinned by the base assumptions that CPCA will own and provide a depot in both Peterborough and Cambridge, in line with previous recommendations. This assumption is central to the strategy, as depot availability and configuration are among the most significant barriers to entry for operators and therefore a key determinant of competition and value for money.

Key Depot Decisions Under Consideration

Recommendations focus on the following core decisions for the first contract period:

Table 9 Depot core decisions

Franchise Area	Core Decisions
Central Area Tier A Depot	Whether CPCA should own and provided a dedicated depot for the Central Area Tier A contract.
North West Area - New Peterborough Depot	- Decision on preferred procurement approach for the new depot. - Determination of the appropriate depot size and spare capacity, balancing near-term franchise requirements against future network growth and fleet expansion. - Whether the depot should be fully electrified from Day One, rather than phased electrification or alternative technologies
East Area - Cambridge Depot	Decision on [REDACTED] site capable of meeting current and future operational requirements.

Drivers Informing Depot Strategy

The recommended depot strategic plan is shaped by the following key drivers:

- Future-proofing and flexibility** - the ability to accommodate future fleet changes (particularly zero-emission or other technologies), service growth, changes in



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contract structure, and potential re-tendering of franchises without requiring further major depot investment.

- **Market competition and operator appetite** - the likelihood that potential operators can realistically secure a suitably sized and located depot on reasonable commercial terms. A lack of depot availability creates a material risk of reduced competition, weaker bids, and higher costs.
- **Deliverability within programme timescales** - the feasibility of identifying, acquiring, securing planning consent for, and delivering a depot within the required timeframe, especially in Cambridge, where land availability is constrained and development risk is high.
- **Uncertainty in future land use and transport operations in Cambridge** - evolving policies relating to land use, commercial development, public transport prioritisation, and potential future transport schemes introduce uncertainty that must be managed through a robust and flexible depot strategy.

Together, these considerations underline the importance of making early, informed, and strategically aligned depot decisions, recognising that while the immediate focus is on the first franchise term, the consequences of these decisions will shape the franchised network for multiple contract cycles.

Table 10 Recommended depot strategy

Franchise Area	Recommendation	Rationale
Central Area	• Operator provides depot for Tier A Busway Contract.	• Size of the Tier A package does not specifically require CPCA to own a depot. • Based on the lotting strategy recommendation the Tier A Central Area contract is expected to be around 40 PVR (46 Total Vehicle Requirement (TVR)), which can potentially be accommodated at Fenstanton and Swavesey depots or another depot site identified by potential operators. • This approach provides time (until 2033 to 2035) and flexibility to determine the longer-term depot and electrification strategy for Busway services and local routes. • Avoids additional upfront capital commitment for CPCA, which allows capital funding to be concentrated on the Peterborough and Cambridge sites as per the franchise assessment.
North West Area (New Peterborough Depot)	• The CPCA funds and builds new depot	• CPCA funding and build delivers lower whole-life cost, stronger value for money, and greater long-term strategic value

Fleet

The Fleet Strategic Plan for the franchising programme is driven by a small number of fundamental, interdependent decisions, taken at the franchise area level. These decisions directly influence deliverability, cost, operational risk, and the range of viable bidding and operating models available to the market.

This assessment of options focused on Day One fleet decisions required for the commencement of the first Tier A franchise contract period and covering the first franchise contract periods. However, as with depot assets, fleet decisions have long operational and financial lifespans. As a result, they must be made with explicit regard to longer-term implications beyond the first contract period, including future zero-emission transitions or emerging technologies, fleet standardisation, residual value risk, depot compatibility, and whole-life cost to the public sector.

The fleet strategic plan for each Tier A franchise area contract is shaped primarily by the following key drivers:

Depot strategy:

- Whether depots are CPCA-owned or operator-owned, and whether they comprise existing facilities or new-build infrastructure.
- The location, size, and electrical capacity of depots materially constrain the fleet types that can be operated and the pace at which fleet transition can occur.

Electrification timing:

- Whether zero-emission vehicles are required from Day One, or whether a phased transition is permitted across the first contract period.
- Early electrification drives fleet specification, depot design, grid connections, and capital financing requirements, while phased approaches introduce interface and transition risks across contract terms.

Vehicle availability and technical constraints:

- The availability of suitable vehicles in the required volumes and delivery timescales, particularly where specialist vehicle requirements apply (for example, Guided Busway-compatible vehicles).
- Supply chain constraints, model availability, and manufacturer lead times may significantly limit feasible fleet options irrespective of procurement preference.

Decisions regarding fleet procurement options, including whether vehicles are procured by operators or directly by CPCA, whether vehicles are purchased or leased, and the treatment of incumbent fleet, are considered secondary to the primary constraints set by depots, electrification timing, and vehicle availability.

While procurement route decisions affect risk allocation, financing cost, and standardisation, they do not materially expand the set of feasible fleet options where infrastructure or vehicle availability constraints are binding.

Fleet Procurement Options

A common set of fleet delivery options is available across all franchise areas. These options define who provides the vehicles and how operators gain access to them, but they sit downstream of the primary strategic decisions on depot provision, electrification timing, and vehicle availability.

Who Provides the Fleet?

Two high-level fleet provision models are available:

- **Operator-led provision:** under this approach, fleet is procured and financed by the operator as part of its franchise bid. This model places capital risk, asset management, and manufacturer interface largely with the operator, subject to the franchising authority's specification.
- **CPCA-led provision:** under a CPCA-led approach, the authority procures fleet directly and makes vehicles available to operators, typically through a leasing arrangement. This can support standardisation, reduce barriers to entry, and offer greater control over long-term fleet strategy, but increases CPCA exposure to capital cost and residual value risk. It is recommended that CPCA should only lead provision in the case where new battery electric can be used given the industry and national prioritisation of zero emission vehicles and residual value risk in purchasing new diesel vehicles.

Figure 1 Operator-led provision options

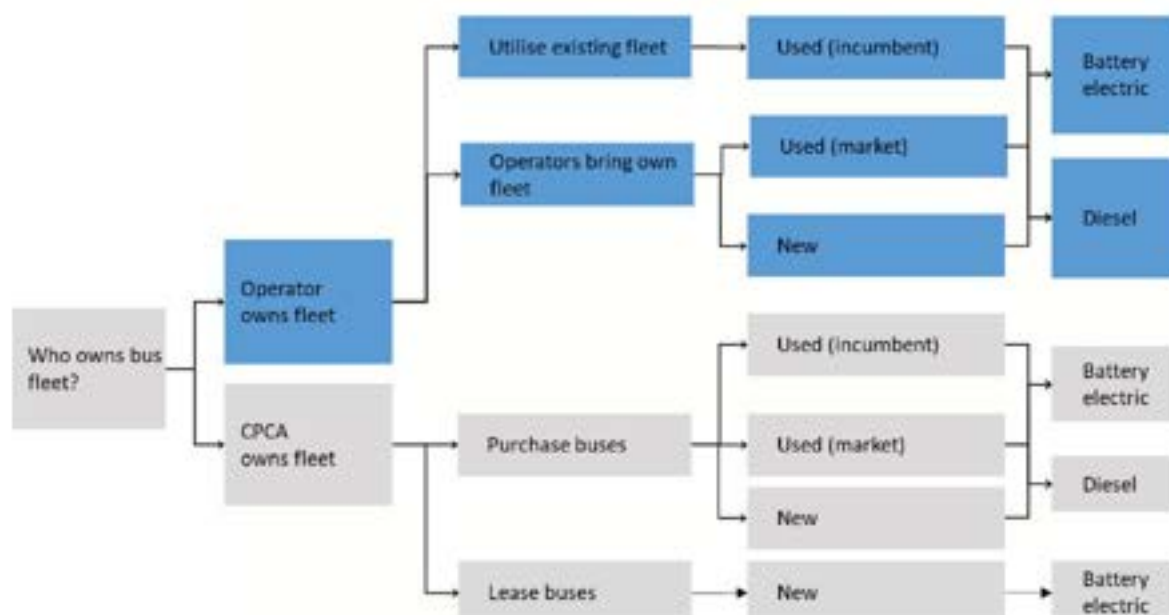
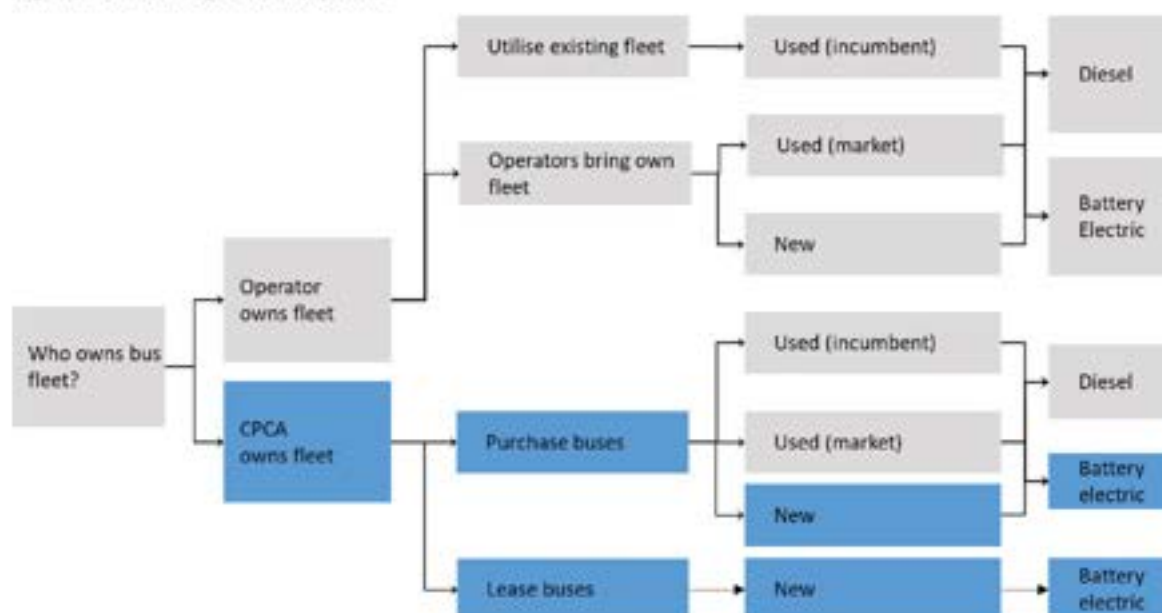


Figure 2 CPCA-led provision options



How is the Fleet Accessed?

Regardless of who leads procurement, fleet access can take several forms:

- **Purchase:** vehicles are purchased outright, either by the operator or CPCA, with ownership retained beyond the contract term. This approach typically offers the lowest whole-life cost but exposes the owner to residual value risk.
- **Lease:** vehicles are accessed through operating or finance leases, reducing upfront capital requirements and residual value exposure, but at higher overall cost over the asset life.
- **Use of incumbent fleet:** existing vehicles owned or leased by the incumbent operator may be retained for some or all of the first contract period, subject to condition, specification compliance, and remaining asset life. This can offer programme and cost advantages but may constrain standardisation and future fleet transition.

Recommendations

Table 11 summarises the recommended fleet provision approach, rationale, and contingency arrangements across each franchise area.

Table 11 Tier A Franchise Contract Fleet Recommendations

Franchise Area	Recommendation	Rationale	Contingency Option
Central Area	Existing fleet transferred to new operator from incumbent operator via a residual value mechanism. ¹	Requires no capital investment from CPCA. Ensures that all potential bidders have access to busway-compliant vehicles, removing a	

¹ Residual Value Mechanism guarantees the price an operator with fleets can expect to receive for its fleets.

Franchise Area	Recommendation	Rationale	Contingency Option
		key barrier to entry in the central area, potentially improving competition. [REDACTED]	[REDACTED]
North West Area	CPCA procures and owns a new electric fleet of approximately 70 buses for Peterborough depot.	Procuring and owning a new electric fleet for Peterborough enables CPCA to remove a major barrier to entry, ensuring all potential bidders compete on a level playing field, increasing competition. secures the benefits of lower operating costs and zero-emission performance from day one Shortening mobilisation periods by allowing CPCA to initiate vehicle procurement in advance of contract award, reducing delivery risk for incoming operators.	[REDACTED]
East Area	[REDACTED]	Requires no capital investment from CPCA. Balances lowering barriers to entry by reducing the total number of vehicles bidders need to provide, raising the quality of the fleet and enabling bidder flexibility in the provision of fleet for the contract.	[REDACTED]

Franchise Area	Recommendation	Rationale	Contingency Option

Affordability

Steer and the CPCA have developed a bespoke tool to assess the affordability of transitioning to a franchised network. The assessment builds on the forecasts underpinning the franchising scenario as presented in the Outline Business Case (OBC) Assessment, using the same demand data but with some updated and refined modelling assumptions based on the latest available information.

Key updates include freezing the Mayoral precept, packaging the network into areas to be franchised at different times, the inclusion of a cost associated with continuation of the Tiger Pass, updated funding assumptions reflecting current local bus grants, local adjustments to the national operating cost per mile, and reflecting changes to depot and fleet ownership.

In the OBC Assessment, the financial impact of franchising on CPCA was estimated using a bespoke spreadsheet model developed by ITP. Our approach adopts the same model structure, combining revenue, operating costs, and other income and costs to determine the overall net position under franchising.

In line with the historic national and local decline of bus patronage, our tool projects a declining bus network, driven primarily by exogenous growth factors such as rising incomes and falling car costs, which drive modal shifts between bus and other means of transport.

The decline in patronage is inherent to the bus network, and would likely remain or worsen under a non-franchised scenario due to the removal of franchising benefits such as the introduction of a simple and unified ticketing system.

The assessment also incorporates the proposed lotting strategy, allocating services to the North West, Central, and East areas and applying the implementation timelines set out in Table 5 and Table 6 to determine when each area is franchised.

Capital Investment Assumptions

The recommended case assessment assumes that CPCA will fund and build a new depot at Peterborough [REDACTED]

[REDACTED] The Peterborough depot is currently assumed to be fully electric from Day One. The assessment includes the capital costs of purchasing the depots with an associated reduction in operating costs where CPCA absorb depot-related costs. Operating costs are assumed to decrease by 1% for services operating from CPCA-owned depots.

The capital cost of the fleet, depots and network improvements, exclusive of any capital grant funding is summarised in the table below.

	2025/26	2026/27	2027/28	2028/29	Total
Peterborough Depot	£100,000	£28,700,000			£28,800,000
Cambridge Depot					
Network Improvements ²		£2,707,000	£4,558,000	£2,779,000	£10,044,000
Fleet Purchase					

The cost of the depot and network improvements has been provided by CPCA, while the estimated cost of fleet purchase is based on an assumed cost per vehicle of [REDACTED] for double decker buses and [REDACTED] for single decker. Based on the purchase of 45 double deck and 25 single deck buses, this gives a total estimated fleet cost of [REDACTED] with [REDACTED]



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A reasonable publicly available benchmark of capital costs for the new Peterborough depot is the West Yorkshire Combined Authority's (WYCA) estimated costs for the new Wakefield electric bus depot. WYCA have estimated of £59,561,000 for land purchase and build. This cost includes £11,209,313 for risk and contingency allowances and £224,655 for monitoring and evaluation⁴, the remaining amount of approximately £48 million would be for land purchase and build. The split between land purchase and build is not publicly available or the construction assumptions used by WYCA. Wakefield depot is expected to be 20% larger than Peterborough depot, accommodating 125 buses compared with Peterborough depot's 100 buses. Based on the limited information currently available in the public domain, this comparator is useful but subject to further due diligence on potential costs associated with full design and build of Peterborough depot, adjusted for the information already known on the land acquisition costs related to Peterborough depot.

The existing Peterborough depot capital costs do not explicitly contain electric ready infrastructure such as the grid connection and electric chargers. The infrastructure related to electric operation is subject to a further detailed options assessment to inform the full business case for the depot, including the adoption of emerging technologies.

Impact of Franchise Competition

The introduction of franchise contract requirements (e.g. performance targets) naturally has the impact of increasing operating costs compared the existing non-franchised network, with expected offsets such as improved performance and service quality potentially increasing demand. Franchising is expected to package routes into commercially viable contracts that encourage competition. The level of competition achieved will impact the contract cost of services, ranging from maintaining the level of

⁴WYCA - Modern Gov

cost that would be seen in a non-franchised network (+0%) under a high competition scenario, to varying levels of cost increase depending on the competitive position.

These effects vary by area and by tier. For tier A services we assume; higher competition in the North West (where both depot and fleet are CPCA-owned), medium competition in the East (where the depot is CPCA-owned and fleet are operator owned)), and lower competition in the Central area (operator-owned depot and fleet). For tier B services we assume medium competition across all areas.

The following table summarises the assumed change in operating costs resulting from depot and fleet ownership, as well as increased competition. Overall changes are derived from the combination of these effects.

Table 14 Change in Franchise Contract Costs from Depot and Fleet Ownership Recommendations

Change in operating costs	East Area Tier A	North West Area Tier A	Central Area Tier A	Tier B (All Areas)
Enhanced contract requirements under franchise	+7.5%	+7.5%	+7.5%	+7.5%
Impact of increased competition	-5.0%	-7.5%	0%	-5%
Depot ownership efficiency	-1%	-1%		
Fleet ownership efficiency		-2%		

Reliability Improvements

CPCA has allocated funding totalling £10.0M earmarked for network improvements. The details of the improvements are as yet undetermined; however the funding will focus on choke points within the bus network in order to improve the performance and reliability of services.

A major focus is improving bus reliability, especially in urban areas, through measures such as better management of roadworks, traffic signal changes and highway schemes that support bus movement on busy corridors.

If buses can move more reliably and spend less time delayed in traffic, the same level of service can be provided with fewer buses and drivers at peak times, helping to lower contract costs.

Bus punctuality (how often buses are on time within a defined window) across the region is currently approximately 70%. Improving this would benefit passengers directly and would also help reduce operating costs, although many of the actions needed sit with highways and network management rather than bus contracting and the CPCA alone.



As the plans are undetermined the specific services that will benefit are as yet unknown. In order to still model a benefit to the expenditure, a small number of strategically significant higher-frequency urban corridors have been selected for targeted scenario testing of reliability improvements.

The following services were selected due to their strategic importance and current levels of On Time Performance (OTP).

Table 15 Selected services for reliability improvements

Service	Current OTP	Target OTP	Demand Impact	Years split over	Annual Demand Impact
1 Arbury - Fulbourn	74%	85%	2.7%	5	0.5%
1 Orton - Werrington	75%	85%	2.0%	5	0.4%
2 Milton - Addenbrooke's	80%	85%	3.3%	5	0.6%
3 Fison Road - Cherry Hinton	76%	85%	2.8%	5	0.5%
3 Park Farm - City Hospital	76%	85%	4.5%	5	0.9%
5 Cambridge - Northstowe	74%	85%	5.3%	5	1.0%
5A St Ives Bus Station - Bar Hill	80%	85%	3.0%	5	0.6%
6 Peterborough - Hampton	73%	85%	3.3%	5	0.6%
A St Ives - Trumpington P&R	75%	85%	2.1%	5	0.4%
B Cambridge - Huntingdon	77%	85%	8.1%	5	1.6%
5, 5A Yaxley Windsor Road	71%	85%	4.3%	5	0.8%

The demand impact is estimated by converting the change in OTP into a generalised journey time (GJT) impact, then applying a 2% demand uplift per minute improvement in IVT⁵. The increased revenue impact of the demand uplift has been included in the recommended base case assessment.

Financial Position Summary

The tool models the expected demand, revenue and cost of the bus network, in conjunction with the expected other income and cost to CPCA to illustrate the short-term financial implications of franchising.

⁵ Confederation of Passenger Transport UK: The Case for Faster Buses

Functionality has been included within the tool to set a revenue reserve for the CPCA equal to 10% of the operating cost of the network. This works by including an annual contribution to reserves that maintains the 10% threshold as the operating costs of the network grow over time. This reserve has been included for risk mitigation. All modelled financial figures are net of this contribution.

Table 16 presents the financial outcomes, with the figures built up in the following way:

- **Supported Revenue:** Fare revenue and concessionary reimbursement from supported bus services. Note that franchised services are classified as supported.
- **Supported Cost:** Base operating cost of services less the Bus Service Operators Grant, with an assumed operator mark up on cost of 7.5%.
- **Net Cost of Services:** Supported revenue minus supported cost.
- **Other Income:** CPCA funding, such as the Transport Levy, Mayoral precept income and the Local Authority Bus Grant.
- **Other Cost:** CPCA costs, such as concessionary reimbursement to operators, Tiger pass costs, and CPCA operations team costs.
- **Funding Available:** Other income minus other cost.
- **Surplus/Deficit:** Funding available minus net cost of services.
- **Cumulative Surplus/Deficit:** Sum of all prior years' surplus or deficit.

Based on the assumptions discussed above, the following year on year profile is forecast.

Consultation note: The financial forecasts contained within this Strategic Delivery Plan have been prepared using professional practices, procedures, data and assumptions available at the time of analysis. The modelling is intended to provide an indicative assessment of the potential financial implications of bus franchising under a range of scenarios and should not be regarded as a firm prediction of future outcomes. Actual outcomes may differ from those forecast and any material changes in information, market conditions, policy, funding availability or operational requirements may alter the validity of the results and conclusions presented. The financial forecasts should therefore be considered within the context of the evidence available at the time of preparation and as one input to future decision-making rather than a definitive statement of future financial performance.

Table 16 Annual Financial Position of Recommended Option (£ Millions, Nominal prices)

	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35	FY36	FY37
Net Cost of Services	-7.6	-7.7	-7.9	-13.0	-15.7	-13.0	-14.3	-15.7	-17.2	-18.6	-20.0	-21.7
Funding Available	7.6	7.9	6.8	6.2	10.1	11.3	12.1	12.7	13.3	13.9	14.4	14.7
Surplus/Deficit	0.0	0.1	-1.0	-6.8	-5.6	-1.6	-2.2	-3.0	-3.9	-4.8	-5.6	-7.0
Cumulative	0.0	0.1	-0.9	-7.7	-13.3	-15.0	-17.1	-20.2	-24.1	-28.9	-34.5	-41.4



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Surplus/ Deficit												
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Table 16 illustrates how, over the period of 2025/26 to 2036/37, there is a total forecast funding gap of £41.4 million. The profile of this funding gap varies from year to year, starting near break-even pre-franchising, then moving to a substantial deficit in 2028/29 due to both the lower performing commercial services being franchised (increasing net cost on operations from £7.9m to £13.0m) and loan payments on capital investments peaking in the early years (hitting £3.9m in 2028/29).

This deficit improves in 2030/31 driven by the most profitable commercial routes in the East being franchised (decreasing net cost on operations by £2.7m) along with borrowing costs dropping by c.£0.5m each year as capital bus grants are used to pay off early years borrowing. The deficit then grows from 2031/32 onward due to operating costs rising at a greater rate than revenue growth, driven by falling patronage across the network. The forecast £41.4m deficit demonstrates that the current combination of funding, services and subsidies is not a sustainable position in both the medium and long term.

Spreading the total deficit over the 10-year modelling horizon suggests that income or savings of c£4.1m p.a. need to be identified to achieve an affordable 10-year position. If this is delayed until 2028/39, when the deficit becomes significant, this figure would rise to c. £4.6m.

This deficit is primarily driven by the underlying cost of the network and continuation of existing subsidies and concession schemes such as the Tiger Pass, rather than an effect of franchising the network.

The forecast funding gap could be addressed in a variety of ways, through additional funding, changes to the scope of the network, service rationalisation or cost reductions. Targeted improvement initiatives such as bus priority measures or increased service frequency could also help generate additional demand and revenue, although these would involve additional costs.



The extra £4.2 million per year could be achieved through a combination of reallocation of funding from other bus programme spending, fares increases or raising additional funding.

The affordability tool also provides an indicative view of the level of service that could be delivered within the existing funding envelope. The chart below shows the annual network mileage that could be run given the available funding, highlighting the impact of the funding gap on service provision. Note that any reduction in mileage is from services being removed from the network and does not contain efficiencies from mileage reductions on services. This is an upside to the outcomes presented in this report, as in reality there may be service ‘trimming’ rather than cutting that reduces the cost burden of the network.

Figure 3 Annual Network Mileage

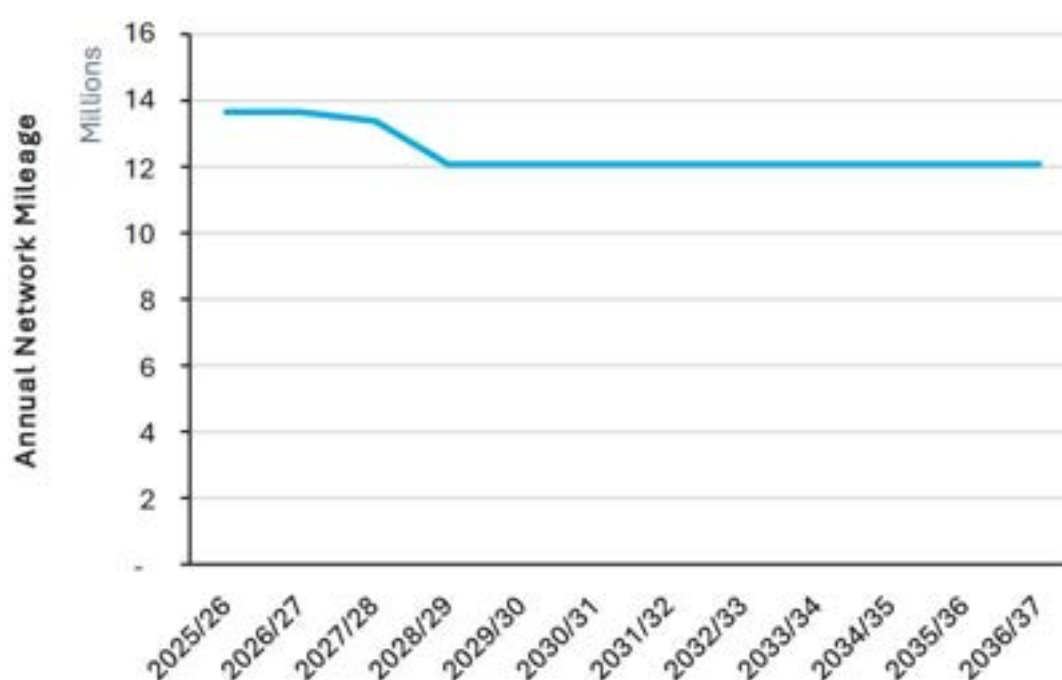


Figure 3 Annual Network Mileage Figure 3 illustrates what a roughly 11.5% reduction in network mileage from service rationalisation is in comparison to total network miles.

The magnitude of the funding gap, and by extension the required service rationalisation, is sensitive to the contract cost of services received from the franchise bids. The relative cost effectiveness of the franchise bids depends both on the construction of the packages and organisation of the franchising schedule, as well as the strategic decisions of bus operators. Because of this, we model a range of potential outcomes defined as follows:

- **Outcome 1 (Central Outcome)** – Contract costs are similar to the pre-franchising position, with variability by franchise area and tier depending on the level of competition that is achieved.
- **Outcome 2** – Contract costs still vary by franchise area and tier depending on the level of competition achieved, however contract cost is higher than the pre-franchising position.



- **Outcome 3** – An outcome in which the difference between the local cost per mile of the CPCA area and the national average is eroded, causing costs to reach levels consistent with the DfT cost per mile estimations for England Non-Metropolitan areas.

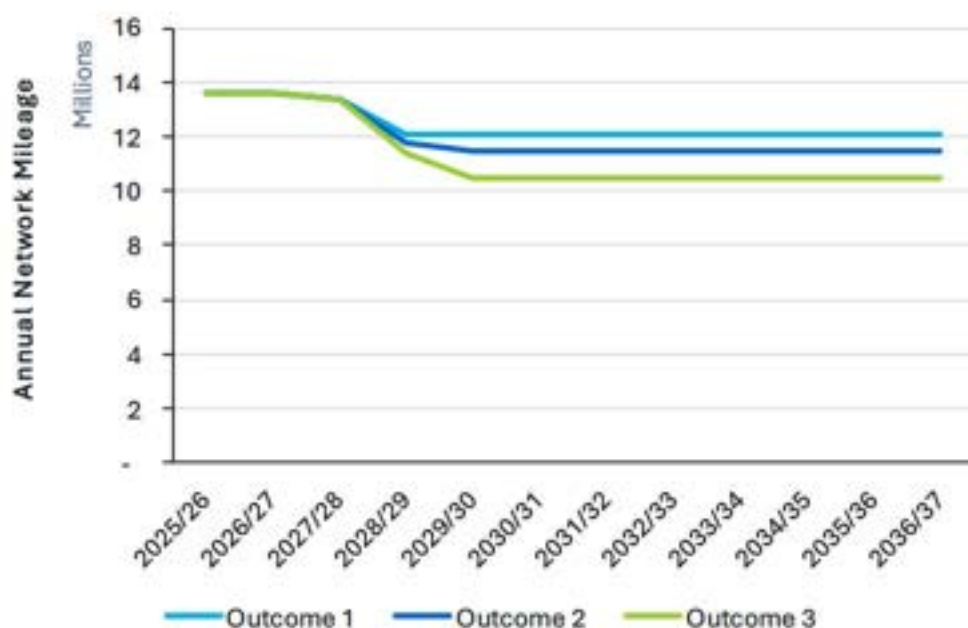
The cost uplifts assumed under the 3 outcomes are as follows:

Table 17 Cost Impacts by Outcome

Change in operating costs	East Area Tier A	North Area Area Tier A	Central Area Tier A	Tier B (All Area)
Outcome 1	+2.5%	+0%	+7.5%	+2.5%
Outcome 2	+12.5%	+10%	+17.5%	+12.5%
Outcome 3	+25%	+25%	+25%	+25%

The impact of these outcome scenarios is presented in Figure 4 below. These outcomes represent a 11.5%, 15.8% and 23.4% reduction in network mileage by 2036/37.

Figure 4 Range of Outcomes for Annual Network Mileage



Peterborough Fleet Options Assessment

To test the impact of the CPCA purchasing the electric fleet for Peterborough, against two options. Option 1 where the operator provides a new electric fleet and Option 2 where the operator provides a used diesel fleet. The premise is to compare the value of the capital cost investment in the recommended option against situations where the CPCA is not owning the fleet at Peterborough depot. In both Option 1 and Option 2 other recommendations for the Busway and Cambridge Tier A contract on depots and fleet remain the same as the recommended option. A summary of the assumptions is provided in Table 18.

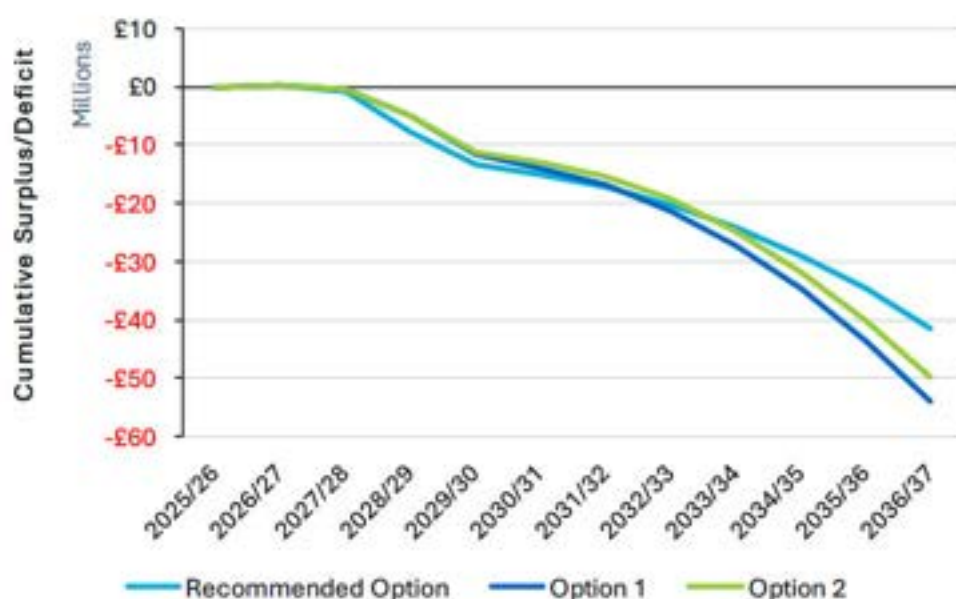
Table 18 Affordability Impacts of Fleet Options in Peterborough

Assumption	Recommended Option	Option 1	Option 2
Description	CPCA owned new electric fleet for Peterborough depot. Incurs additional loan repayments on the fleet purchase value. Competitive offer of CPCA provided depot and fleet gives no increase in contract cost relative to pre-franchising. Lower operating costs from CPCA fleet ownership. Operating cost savings from electric operation (90% of diesel operating costs)	Operator provides a new electric fleet for Peterborough depot. Cost of borrowing for fleet purchase higher for private entities and is passed onto CPCA with a mark up. Increased cost from lower competitiveness of offer. Operating cost savings from electric operation (90% of diesel operating costs)	Operator provides a used diesel fleet for Peterborough depot. No cost of fleet purchase as it presumed would likely bid with diesel fleet from their existing pool of vehicles. No operating cost savings from electric vehicles.
Fleet purchase cost	£27.0M	-	-
Cost impact of Cambridge and Peterborough depot ownership	-1%	-1%	-1%
Cost impact of Peterborough depot competition	+0%	+2.5%	+2.5%
Cost impact of Peterborough depot fleet ownership	-2%	+15%	-
Peterborough depot electrification date	2029/30	2029/30	-

Figure 5 illustrates the financial implications of the three scenarios on the estimated cumulative surplus and deficit to the CPCA. This shows that while the recommended option is initially more costly from 2027/28 to 2030/31 because of higher borrowing costs from the initial fleet purchase, lower operating costs benefit the longer-term financial position. Both option 1 and 2 result in a £12.6m and £8.4m larger funding gap respectively by 2036/37, with the cumulative deficit dropping faster than in the recommended option. The recommended option provides an overall better longer term financial position, however, it may require steps to cover the larger short-term shortfall in funding between 2027/28 to 2030/31.



Figure 5 Peterborough Fleet Options Financial Implications



The shape of the cumulative position curves in the above figure is driven by annual deficits post 2029/30 improving as the more profitable areas are franchised, and loan repayments decrease. This annual deficit worsens over time, taking more and more out of the cumulative position each year, causing the curves to become steeper. This is being driven by falling bus patronage, which results in revenues growing at a slower rate than costs, worsening the financial position of the network over time. This is based on the historic trend of patronage falling over time and is inherent to the network.

Both option 1 and 2 result in the cumulative deficit increasing faster than in the recommended option. As such, we put forward the recommended option as while it may require steps to cover the short-term shortfall in funding, it provides a more favourable longer term position for the CPCA.

Reducing the Funding Requirement

There are a range of steps that could be taken to reduce the funding requirement of the network in order to avoid service rationalisation. These steps are applicable across the range of options and outcomes that the tool presents.

One option would be to delay the capital expenditure for network improvements until the network is franchised. The current £10.0m planned expenditure takes place over 2026/27 to 2028/29, which are years in which small savings can have meaningful impacts on the overall funding requirement of the network. This does also delay the benefit of reliability improvements, however these are longer term impacts, so in the short-term do not materially impact the funding requirement of the network.

[REDACTED]

[REDACTED]

A further option is to build a fare strategy and re-evaluate fares, particularly with the likely removal of the national fare cap. Whilst there is elasticity between fare changes and patronage, the ability to set fares for services remains an important option within the control of the authority once in the franchised model.

The CPCA will also continue to encourage investment in the bus network via a commercial strategy. This will involve funding sources such as school transport (via local council collaboration), development funding and potential advertising income. This will ensure further revenue from these sources for the network, from its existing low base.



[illegible]

Introduction

Background

Cambridgeshire and Peterborough Combined Authority (CPCA) has been progressing work on a transition to a local bus franchising operational model, in accordance with the legal framework established under the Transport Act 2000 (as amended by the Bus Services Act 2017). The previous Mayor signed the Mayoral Decision Notice approving a bus franchising scheme in February 2025.

Paul Bristow was elected Mayor of Cambridgeshire and Peterborough in May 2025, his commitments included: re-examining the franchising model proposed; and avoiding significant borrowing or any increase to the Mayoral precept in this Mayoral term.

An Independent Review was commissioned by the CPCA to provide a clear, objective, and impartial assessment of how bus franchising could be implemented in Cambridgeshire and Peterborough. Its primary purpose was to determine how franchising can deliver meaningful service improvements for passengers and communities, while ensuring that any proposed model is affordable, deliverable, and financially sustainable without significant new borrowing or increases to the mayoral precept. In line with Mayor Bristow's priorities, the review explored realistic targets, integrated ticketing, and effective partnerships with community transport and other providers. It provides guidance on network design, fleet specification, depot strategy, and revenue modelling, considering compliance with legal and financial frameworks.

Independent Review

Following the completion of the Independent Review in January 2026, a number of recommendations from it have been published:

- Updates made since the Outline Business Case (OBC), particularly reflecting the commitment to freeze the Mayoral Precept and incorporating key demand drivers such as GDP per capita and car costs have reduced the expected net position and lead to a funding gap under franchising – solutions to close this funding gap need to be considered.
- A hybrid pathway to implementing franchising should be adopted, combining short-term use of direct awards to existing operators and/or service permits, with a phased introduction of competitively tendered franchise contracts.
- Two CPCA-controlled depots should be constructed in Cambridge and Peterborough to encourage healthy competition.
- CPCA should consider owning or leasing a bus fleet for larger lots, to level the playing field for incumbents and support the transition to zero-emission vehicles
- Network planning guidelines need to be updated to specify measurable targets for CPCA routes and provide detailed procedures for designing, appraising, approving, and implementing modifications to bus services.
- A lotting strategy should be developed, to take into consideration the changes in routes since the publication of the OBC.

Legal Review

A legal review was then undertaken, which highlighted the following issues:

- Affordability and delay – modelling suggests that the affordability challenge worsens over time, meaning that delay could increase the scale of service reductions required to reach a neutral financial position.
- Depots – there is no certainty that suitable depots will be delivered within the revised timescales.
- Data – it is not specified how route-level demand, revenue and cost data will be collected during the proposed transitional period, what minimum data standard will be sufficient for franchising, or how long this will take.
- Operational parameters – it is not specified which routes or service types should be franchised first, how long direct awards should last, what criteria should trigger progression to competitive tendering, or how success should be measured at each stage.
- Funding gap – alternative cost-saving measures are not detailed sufficiently, and clear affordability thresholds are not set out that would determine whether franchising should proceed at each phase.
- Fleet – there is no committed fleet procurement strategy or residual value mechanism.

It was agreed that further work was required to detail how these recommendations would be implemented and how the risks would be managed through the development of a CPCA Strategic Delivery Plan.



Network Lotting Strategy

Introduction

To enable the franchising of the bus network in the CPCA area, routes are required to be packaged into commercially viable and operationally coherent contracts that attract competition, enable efficient delivery, and ensure a stable, affordable transition to a franchised network.

Work was completed in the development of the franchising OBC to set out the principles for determining whether routes in the CPCA area would be subject to franchising; identifying on a route-by-route basis whether routes operating at that time would be included or not; and setting out at a high level the key considerations for the development of a lotting strategy.

In Steer's January 2026 report on its independent review of implementation pathways for bus franchising it was noted that since this the OBC assessment, there have been several changes to bus services in the CPCA area and this would have an impact on any lotting strategy developed. Steer was therefore commissioned as part of developing this Strategic Delivery Plan to undertake a re-baselining of services in the CPCA area and to use this to develop a lotting strategy that could feed into the affordability and depot analyses.

2026 Baseline

Steer has developed a baseline of the bus routes operating within the CPCA area as of March 2026. This is based on publicly available TransXChange timetable data, supplemented by data from the PODARIS system (provided to Steer by CPCA) and updated based on known changes to bus routes resulting from upcoming contract renewals.

Information on every scheduled bus route that served at least one bus stop in the CPCA area was extracted from TransXChange data, along with high level timetable information for that route on each day of the one week period selected for the baseline. The Peak Vehicle Requirement (PVR) for each route was then estimated from the timetable, based on the maximum number of buses in operation at any time in the timetable. This may underestimate the actual PVR to a small extent as layovers and dead mileage are not included.

Where routes are known to interwork, with the same buses operating on two or more routes, the routes have been combined in the PVR calculation to provide a better estimation of actual PVR. The PVR numbers do not take account of any uplift required to improve performance, nor do they include spare buses.

The table in Appendix A shows the baseline routes in the CPCA area. It sets out both whether the route is included in the franchise scheme and whether it is included in the

Network Reimagined Project. Where routes are contracted by CPCA, either partially or fully supported, this is also stated with the final expiry date of the contract.

The table in Appendix A shows some routes as 'withdrawn'. These are routes that were operational at the time of the development of the list but have been identified as having been cancelled since that date, or will be cancelled in the coming months. This has been informed by discussions with CPCA on planned contract extensions and routes that will not receive an extension (for example, 13B and 132). The funding status indicated in the tables is based on information provided by CPCA on supported services, both through Business As Usual funding and Mayoral Precept funding. If a route was not listed in the supported services contract spreadsheets, it was assumed to be commercial, however routes that receive Section 106 funding are also shown as commercial.

Not shown in the table in Appendix A are statistics on bus mileage, bus hours and bus trips per week. However these have been used in modelling and are in most cases taken from PODARIS data provided by CPCA, as some of the TransXChange files did not contain mileage data.

The baseline has been used in the development of the lotting strategy, both to inform the grouping of routes into lots, and to test the lotting strategy against depot capacity.

'Network Reimagined' Proposals

CPCA has commissioned SYSTRA to undertake a project to reimagine thirty five routes within the network of contracted bus services in the CPCA area. The outcome of this work is being finalised and there is currently no agreement to implement the findings. A high-level summary of the technical changes initially proposed is summarised in Table 19. As a result of the proposed changes, the PVR across the CPCA network may increase by two, subject to passenger engagement, a final technical report and CPCA board agreement



Table 19 Reimagining the Network Proposals

Area	Current Services	Proposed Services	Current PVR	Proposed PVR	Key Changes
Cambridge Orbital	T2, T3, T4, T5	T3, T4, T5	9	8	T4 extended, T3 redesigned, T2 partially withdrawn
South Cambridgeshire	17, 26, 75, 114	T25, T26, T27	6	7	Full redesign with circular and faster routes
Huntingdon - Kimbolton	28, 400, 401	28 extended	2	2	Replace low demand routes with single corridor
Fenland (Wisbech - March)	46, 56, T7	T55, T56	6	6	Renumbering, frequency uplift, route extensions
St Neots - St Ives	5A, 8, 67, 68	T67, T68	4	3	Merge routes, improved connectivity
St Ives - Ramsey	301 variants, T1, T12	30 series + T1 extension	4	4	Simplified circular network, T1 extension
Peterborough Orbital	60, 61, 62, 63	T41, T42	2	5	New orbital service, major frequency uplift

Whilst the baseline has not been updated with these proposed changes, they have been considered in the development of the lotting strategy.

Baseline Routes and the Franchise Scheme

The criteria for including routes in the franchise scheme were set out in the OBC. The franchise scheme area was defined as the CPCA area (comprising Cambridgeshire County Council and Peterborough City Council) and within this, all local bus services operating were to be included, with the exception of:

- 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.
- Registered local bus services that are an excursion or tour.
- Services operated by vehicles that by law do not permit standing.
- Services that are fully funded and arranged by a third party, such as the Universal service operated under contract to University of Cambridge (which is designed specifically to meet the requirements of university students and staff, but also available for use by the public).

From this it is understood that key exemptions are school/works bus services, community bus services, tourist buses, coaches and rail replacement bus services.

Each of the bus services shown in Appendix A that is not assumed to be withdrawn is assigned to either be included or excluded from the franchising scheme. This assignment is predominantly based on the list of routes included or excluded from the original scheme, set out in Appendix 5 of the OBC consultation documents. Where routes were not included in Appendix 5, a manual assignment has been made based on the above requirements and the requirements on cross-boundary services.

The OBC outlines that cross-boundary routes will not be included in the franchise scheme if they:

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

A total of 108 routes or groups of similar routes are shown as being included in the franchise scheme, based on the assignment in Appendix A. Once the franchise scheme routes were identified, these needed to be grouped into lots, to allow the lotting strategy to be tested against depot capacity, funding requirements and fleet assumptions.

Principles guiding the Lotting Strategy

The lotting strategy depends on several factors including:

- The location of routes
- The PVR of routes
- The funding status of routes (commercial vs supported)
- The size and availability of depots
- The availability of suitable bus fleets

There are several guiding principles agreed with CPCA that need to be followed when developing the strategy. These principles are set out in Table 20.

Table 20 Guiding Principles for the Lotting Strategy

Principles	Description
Value for money through scaled, deliverable lots	Structure lots at sufficient scale to attract multiple bidders, drive competitive pricing, and underpin investment in new depots and potentially fleet, while avoiding inefficient fragmentation.
Balanced portfolio supporting SMO participation	Provide a defined mix of core large lots and smaller, self-contained packages to enable SMO participation and growth, without compromising overall efficiency or deliverability.
Geographical suitability	Base lot boundaries on geographic coherence, depot locations and capacity to minimise dead mileage, support interworking, and reflect operational constraints.
Risk-balanced and market-stabilising packaging	Balance revenue profiles and financial risk across lots by combining profitable, marginal, and socially necessary services appropriately; avoid stripping high-revenue routes in ways that destabilise the residual commercial market or distort competition.
Practical, phased implementation to assure standards	Ensure lotting supports ease of handover, TUPE continuity, and phased transition, while incorporating targeted PVR growth for reliability using an agreed calculation mechanism and maintaining network stability throughout implementation.

Development of the Lotting Strategy

The CPCA area has been divided into three geographical areas for the purpose of developing the lotting strategy:

- **A Central Area** – including the Cambridgeshire Guided Busway, Cambourne, Chatteris, Huntingdon, St Ives and St Neots.
- **A North-West Area** – including Peterborough, March, Ramsey, Yaxley and Wisbech.
- **An East Area** – including Cambridge, Ely and Newmarket.



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Each of the three areas will have one lot comprising large package of routes (Tier A) and a series of smaller packaged (Tier B) lots. The two tiers are described in more detail below:

- **Tier A lots** – single large lot, within each area, typically located around a strategically located depot (e.g. Peterborough or Cambridge). These are intended to provide opportunities for large operators.
- **Tier B lots** – numerous smaller lots, aimed at promoting competition within the market, with the focus on creating opportunities for Small and Medium Operators to grow.

For each area, between three and four options have been created based on the Tier A packages, primarily linked to depot options and sizing, with Tier B packages adjusted accordingly.

The full analysis of the different options for each area is included in the document 'Bus Franchising Lotting Strategy Summary', including information on the allocation of routes and the Multi Criteria Assessment used to determine the preferred options for the areas. In the sections below, the preferred options for the three areas are outlined in detail.

Interim Arrangements prior to Competitive Franchising

An interim delivery period is required because the proposed start dates for the franchise contracts are now later (June 2028 – June 2030) than the original implementation timing set out in the Franchise Assessment, which assumed an earlier transition to franchised operations starting in September 2027.

The interim period therefore needs to provide a structured bridge between the existing market and the future franchised system, allowing CPCA to maintain service continuity, manage transition risks, support operational readiness for SMOs, and, where appropriate, begin introducing elements of the franchising model ahead of full rollout.

Two approaches can be taken to routes that are subject to franchising in the interim, before competitive franchising:

1. Continue with Existing Arrangements

- Where routes are currently commercially operated, allow those routes to continue to operate as commercial routes by their current operator without CPCA intervention. These also include routes that are partially supported by the CPCA.
- Where routes are currently fully supported by the CPCA under tendered contracts they will continue to be operated as tendered contracts and may need to be retendered in the interim

2. Issue of Direct Awards (DA) of franchise style contracts of routes to current operator(s).

- A DA is the award of a franchised bus contract by the authority directly to an incumbent operator of a route, without running a full competitive procurement. The issuing of a DA may only be made to operators in line with statutory requirements (see Table 21) including the route being operated continuously by the incumbent for the required qualifying period (for at least 3 months prior to the start of the contract) and only being a time-limited solution as a bridge to franchising.

- DAs are now explicitly permitted under recent legislative changes, introduced through the Bus Services Act 2025, which provides franchising authorities with the power to directly award contracts to incumbent operators as part of the franchising framework.
- Issuing of DAs from September 2027 on selected routes to incumbent operators will allow the rollout of certain franchise features (e.g. performance metrics, branding etc) in the interim period.
- DAs are net cost contracts, with the operator retaining the revenue. This means that for existing commercial services that are directly awarded, CPCA will likely pay no costs, but also receive no revenue. For fully supported or part supported routes, CPCA will continue to incur cost of subsidising those routes.

The second of these approaches requires principles from which CPCA can determine whether it is appropriate to undertake a DA of a set of routes. High level principles for the use of DAs are set out in Table 21.

Table 21 Principles for the use of Direct Awards

Principles	Description
Network Stability and Service Protection	The purpose is to get ahead of market reactions, rather than respond reactively to operator decisions. DAs should be used where maintaining the status quo would risk unmanaged service withdrawals, reductions, or erosion of the network ahead of full franchising. This is particularly relevant for: • Borderline or marginally commercial services • Services affected by wider network changes elsewhere • Areas where withdrawal would undermine future franchising packages or public confidence
Support for SMO Market Development	DAs should not be used to permanently shield incumbents from competition, but to prepare the market for it. DAs may be used to support SMOs as part of a managed transition into franchising, where this aligns with the authority's wider market-shaping objectives. This includes: • Providing SMOs with continuity and scale ahead of competitive franchising • Enabling learning and readiness for franchise contracts (e.g. systems, reporting, performance regimes) • Avoiding 'cliff-edge' loss of all existing work for local operators where feasible and proportionate.
Targeted Use - Not Wholesale Substitution for Competition	There is no fixed percentage of the network that may be direct-awarded; instead a reasonableness and proportionality test should be applied. DAs should be used selectively and proportionately, not as a substitute for competitive franchising across large parts of the network. Key considerations include: • Maintaining a clear and credible route to competitive tendering • Avoiding perceptions of franchising being bypassed or diluted • Managing legal challenge risk through scale, sequencing and justification
Clear Statutory Eligibility	DAs may only be made to operators in line with statutory requirements • Routes subject to DA must have been operated continuously by the incumbent for the required qualifying period (for at least 3 months prior to the start of the contract) • DAs must be time-limited and used explicitly as a bridge to franchising • Wholesale reconfiguration of routes should be avoided until competitive franchising • This has direct implications for how re-imagining and network redesign projects are sequenced alongside DA use
Deliverability and Organisational Capacity	DAs should reduce, not increase delivery risk during transition. The scale and timing of DAs must reflect the authority's • Procurement and contract management capacity • Legal and commercial resource availability • Ability to administer multiple parallel regimes (commercial, supported, DA, franchise)
Ability to Impose Franchising Standards Early	A core advantage of DAs is the ability to require early compliance with franchising standards that cannot be managed under purely commercial operation, including: • Ticketing integration • Data, reporting and performance standards • Vehicle, branding and customer experience requirements However DAs should only be pursued where operators are willing to contractually commit to these requirements.

DAs will be used selectively during the transition period to either protect network stability or support SMO participation, and/or enable early delivery of franchising outcomes. Their use must result in a clear, proportionate, and legally robust route to competitive tendering being maintained. Each DA will be supported by a clearly documented rationale setting out:

- Why a DA is preferable to the status quo or tendering.
- How issuing a DA supports franchising objectives.
- How the DA will allow for the transition into a competition.
- Continue to tender supported bus services in the existing way.

[REDACTED]

[REDACTED] The next step will be to undertake a more detailed, route-by-route assessment against the agreed Direct Award principles to confirm suitability and ensure consistency with the overall programme objectives. It should also be noted that any Direct Award remains subject to operator agreement and the negotiation of acceptable contractual terms.

[REDACTED]

[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]

Further work is required to define how the interface between commercial and franchised services will be managed during the transition period. This will include consideration of the implications for network performance, competitive dynamics between franchised and non-franchised, ticketing arrangements, branding consistency, and customer experience. While these issues will be worked through in more detail as the programme develops, they are recognised as important factors in ensuring a coherent and effective transition to the franchised network.



Lotting Strategy: Central Area

Proposals for the Central Area have been built around the Cambridgeshire Guided Busway and groups of routes within Chatteris, Huntingdon, St Ives and St Neots. There are three main depots best located for this area, Stagecoach East's Fenstanton Depot, Whippet's Swavesey Depot and Dews Coaches' Somersham Depot.

Three options were prepared for the Central Area, with the assignment of routes to tier lots set out in Appendix C. A multi criteria assessment, summarised in detail in 'Bus Franchising Lotting Strategy Summary' resulted in the following specification being selected as the preferred option:

- **Tier A** – comprising busway routes (A, B and T1), Route 5 operating out of Stagecoach's Fenstanton depot and Routes 5A, 8, 67 and 67B, which are featured in the Reimagining the Network project as forming route T67 and T68.
- **Tier B** – 6 area-based lots covering: Cambridge – Bedford; St Ives, Chatteris and Ramsey; Huntingdon; St Neots; Cambourne; and the ZIP routes.

The proposed lots, including detail on the estimated PVR and proposed interim approach are set out in the tables below.

Central Area Tier A Lot

Tier A is centred around the busway and comprises the routes shown in Table 23, with an estimated PVR of 40 (46 Total Vehicle Requirement). It is proposed that Stagecoach East and Central Connect's services would remain commercial during the transition, whilst the current tenders for routes T1, 5A and 8 would continue until the start of franchising in June 2028.

Table 23 Central Area Tier A Lot Proposed Routes

Rte.	Description	Current Operator	Main Depot	Est. PVR	Funding Status	Tendered Contract End	Interim Approach	Franchise Contract Target Start Date	Reimagine Work
A	Trumpington The Busway Trumpington Park-and-Ride - St Ives Burrel Road	Stagecoach East	Fenstanton	18.00	Partially Supported - Unknown	30/08/2026	Remain Commercial	June-2028	
B	Cambridge Long Rd 6th Form Coll - Hinchingsbrooke Park Hinchingsbrooke Hospital	Stagecoach East	Fenstanton	12.00	Commercial		Remain Commercial	June-2028	
T1	Huntingdon to Cambridge	Whippet Coaches	Swavesey	2.00	Fully Supported	28/05/2028	Tendered Contract	June-2028	T1 extension planned as part of Reimagine work
5	Emmanuel Street E4 - Longstanton Longstanton Park and Ride	Stagecoach East	Fenstanton	4.00	Commercial		Remain Commercial	June-2028	
5A	St Ives Bus Station - Bar Hill Superstore	Stephensons of Essex	Unknown	2.00	Fully Supported	31/05/2028 (plus optional 1 year to 2029)	Tendered Contract.	June-2028	Routes 5A, 8, 67, 68 are part of the Reimagine work. Proposed to be merged routes and renumbered
8	Hilton to Cambridge	Stephensons of Essex	Unknown	1.00	Fully Supported	31/05/2028 (plus	Tendered Contract.	June-2028	

						optional 1 year to 2029)			T67 and T68. Subject to confirmation.
67 / 67B	St Ives to St Neots St Ives to Papworth Everard	Central Connect	Yaxley	1.00	Commercial		Remain Commercial	June-2028	
Total				40.00					

Central Area Tier B (Cambridge – Bedford) Lot

The Cambridge to Bedford Lot will comprise one route, 905 between Cambridge and Bedford. This route is commercial and operated by Stagecoach East. It is proposed that during the transition to franchising this route will remain commercial, with franchising implemented in June 2028. The lot has a PVR of 6 (7 TVR) which should make bidding an option for SMOs.

Table 24 Central Area Tier B (Cambridge – Bedford) Lot Proposed Routes

Rte.	Description	Current Operator	Main Depot	Est. PVR	Funding Status	Tendered Contract End	Interim Approach	Franchise Contract Target Start Date	Reimagine Work
905	Drummer St Bus Station - Bedford Bus Station	Stagecoach East	Bedford	6.00	Commercial		Remain Commercial	June-2028	
Total				6.00					

Central Area Tier B (St Ives, Chatteris and Ramsey) Lot

The St Ives, Chatteris and Ramsey Lot comprises Dews Coaches services in the area, plus Routes 69 (Stephensons) and T12 (A2B) services. [REDACTED]

[REDACTED] The 'Reimagining the Network' project is expected to impact the 301 series of routes and T12. PVR is estimated at around 8 buses (10 TVR). The lot is proposed to be franchised in June 2028. There is the option to further split this lot into smaller lots, with franchising moved back to June 2029 where appropriate.

Table 25 Central Area Tier B (St Ives, Chatteris and Ramsey) Lot Proposed Routes

Rte.	Description	Current Operator	Main Depot	Est. PVR	Funding Status	Tendered Contract End	Interim Approach	Franchise Contract Target Start Date	Reimagine Work
9	St Ives Bus Station to Huntingdon Bus Station	Dews Coaches	Somersham	1.00	Commercial		[REDACTED]	June-2029	
300	St Ives Bus Station to Morrisons.	Dews Coaches	Somersham	1.00	Fully Supported	11/10/2026	[REDACTED]	June-2028	
303	Chatteris to Huntingdon	Dews Coaches	Somersham	1.64	Fully Supported	11/10/2026	[REDACTED]	June-2028	
305	Ramsey to Huntingdon	Dews Coaches	Somersham	1.05	Fully Supported	11/10/2026	[REDACTED]	June-2028	
69	St Ives to Boxworth	Stephensons of Essex Ltd	Unknown	0.13	Fully Supported	31/05/2028	[REDACTED]	June-2028	



301	Ramsey to St Ives	Dews Coaches	Somersham	1.19	Fully Supported	15/08/2027		June-2028	Routes 301 variants, T1, T12 are part of the Reimagine work. Proposed to be changed into 30 series + T1 extension. Subject to confirmation
301S	Ramsey to St Ives								
301V	Ramsey to St Ives								
301X	Ramsey to St Ives								
T12	Longstanton - Sutton	A2B Bus and Coach	Royston	1.23	Fully Supported	28/05/2028		June-2028	
Total				8.00					

Central Area Tier B (Huntingdon) Lot

The Huntingdon lot covers four routes currently operated by Dews Coaches. Routes AW1 and AW1X are commercial (funded by developer contributions) and it is proposed they remain in that arrangement until franchising, whilst routes 400 and 401 are currently supported. If routes 400 and 401 are changed in line with proposals from the 'Reimagining the Network' project, they will be combined with route 28 which is not in the franchising scheme. Should this happen, PVR for this lot will be 1 (2 TVR) compared with 2 (3 TVR) if they remain in the scheme. Franchising is proposed for June 2028. Given the small size of the lot without routes 400 and 401, there is potential to move AW1 and AW1X into the St Neots lot.

Table 26 Central Area Tier B (Huntingdon) Lot Proposed Routes

Rte.	Description	Current Operator	Main Depot	Est. PVR	Funding Status	Tendered Contract End	Interim Approach	Franchise Contract Target Start Date	Reimagine Work
400	Hinchingsbrooke School to Bus Station	Dews Coaches	Somersham	0.54	Fully Supported	26/09/2027	Tendered Contract. Subject to Reimagine work.	Not included in future franchise scheme	Routes 28, 400, 401 are part of the Reimagine work. Proposed 400 and 401 are removed with Route 28 extended. Subject to confirmation. Note that Route 28 is not in the franchise scheme. It is a cross-boundary route
401	Brington Road to Blacksmiths Lane	Dews Coaches	Somersham	0.30	Fully Supported	26/09/2027	Tendered Contract. Subject to Reimagine work.	Not included in future franchise scheme	
AW1 AW1X	Huntingdon Bus Station to Alconbury Weston	Dews Coaches	Somersham	1.00	Commercial		Remain Commercial	June-2028	This could be merged into another lot.
Total				2.00					

Central Area Tier B (St Neots) Lot

The St Neots lot comprises five bus routes operated by four current operators. All but Route 66 are fully supported with contract end dates between November 2026 and May 2028. It is proposed that during the transition these routes remain tendered, with a start date for franchising of June 2028. The lot has an estimated PVR of 8 (10 TVR). There is potential for the lot to be split into smaller lots to encourage SMO participation.

Table 27 Central Area Tier B (St Neots) Lot Proposed Routes

Rte.	Description	Current Operator	Main Depot	Est. PVR	Funding Status	Tendered Contract End	Interim Approach	Franchise Contract	Reimagine Work
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								Target Start Date	
61	St Neots to St Neots	Stephenson of Essex Ltd	Unknown	1.00	Fully Supported	31/05/2028 (plus optional 1 year to 2029)		June-2028	
65	St Neots to Buckden	Dews Coaches	Somersham	1.00	Fully Supported	26/09/2027		June-2028	
66	Fenstanton to St Neots	Whippet Coaches	Swavesey	4.33	Partially Supported - Extensions	29/11/2026		June-2028	
150	Eynesbury Tesco to Tilbrook	Dews Coaches	Somersham	1.00	Fully Supported	26/09/2027		June-2028	
C2	Hatley - St Neots	C G Myall & Son	Royston	Single trip	Fully Supported	26/09/2027		June-2028	
Total				8.00					

Central Area Tier B (Cambourne) Lot

The Cambourne lot is based around Whippet Coaches' Routes 18, 18A, X2 and X3, plus Stagecoach East's Route 4. These routes are partially or fully supported, with contract expiry dates in 2026.

Full franchising is proposed to start in June 2029. The PVR of the lot is estimated at 17 buses (20 TVR). If required, this lot could be split into two smaller packages.

Table 28 Central Area Tier B (Cambourne) Lot Proposed Routes

Rte.	Description	Current Operator	Main Depot	Est. PVR ⁶	Funding Status	Tendered Contract End	Interim Approach	Franchise Contract Target Start Date	Reimagine Work
4	Drummer St Bus Station Bay 10 - Lower Cambourne Woodfield Lane	Stagecoach East	Cambridge	5.00	Partially Supported - Extensions	30/08/2026		June-2029	
18 18A	Cambridge to St Neots Cambridge to St Neots	Whippet Coaches	Swavesey	4.39	Partially Supported - Unknown	30/08/2026		June-2029	
X2	Huntingdon to Cambridge rail station	Whippet Coaches	Swavesey	0.79	Fully Supported	29/11/2026		June-2029	
X3	Huntingdon to Addenbrooke's	Whippet Coaches	Swavesey	6.48	Partially Supported - Extensions	29/11/2026		June-2029	
Total				17.00					

Central Area Tier B (Zipper (ZIP)) Lot

⁶ Estimated PVRs may not be whole numbers due to interworking between routes that was been estimated a high level from BODS data. Some supported routes also have low number of trips of per day, or even single trips in each direction.



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It is proposed that the current three Ely Zipper (ZIP) routes will be packaged into one lot. These routes are fully or partially supported, with contracts ending in October 2026. Their status following contract end needs to be confirmed, however it is envisaged that they will continue to operate as tendered services until franchise start in June 2029. The PVR of the lot is estimated at 4 (5 TVR).

Table 29 Central Area Tier B (Zipper (ZIP)) Lot Proposed Routes

Rte.	Description	Current Operator	Main Depot	Est. PVR	Funding Status	Tendered Contract End	Interim Approach	Franchise Contract Target Start Date	Reimagine Work
ZIP	Market Street to Market Street	Dews Coaches	Somersham	1.27	Fully Supported	11/10/2026	Tendered contract	June-2029	
ZIP2	March to Market Street	Dews Coaches	Somersham	1.83	Partially Supported - Unknown	11/10/2026	Remain Commercial / Partially supported	June-2029	
ZIP3	Chatteris to Market Street	Dews Coaches	Somersham	0.87	Partially Supported - Unknown	11/10/2026	Remain Commercial / Partially supported	June-2029	
Total				4.00					

Lotting Strategy: North West Area

The North West Area covers Peterborough and surrounding areas, including Wisbech and Spalding (Lincolnshire). The main depots that routes in the area operate from are Peterborough, Spalding, Somersham and Yaxley, with Spalding outside of the CPCA area.

Three options were initially prepared for the North West Area, with the assignment of routes to tier lots set out in Appendix B. A multi criteria assessment, summarised in detail in 'Bus Franchising Lotting Strategy Summary' resulted in the following specification being selected as the preferred option:

- **Tier A** – comprising a large lot of 27 routes, making use of Peterborough depot.
- **Tier B** – 2 area-based lot covering services in Wisbech and March.

The proposed lots, including detail on the estimated PVR and proposed interim approach are set out in the tables below.

North West Area Tier A Lot

The North West Tier A lot comprises 27 routes, mostly operated by Stagecoach (both Stagecoach East and Stagecoach East Midlands) out of its Peterborough and Spalding depots. Four of the routes are commercial with all others fully or partially supported, with contract end dates between 2026 and 2028. It is proposed that the current situation with regard to funding continues until franchising in June 2029. The PVR of the lot is estimated to be 63 (73 TVR).

Seven of the routes in the lot are subject to change based on the 'Reimagining the Network' project. The proposed changes are subject to confirmation.

Table 30 North West Area Tier A Lot Proposed Routes

Rte.	Description	Current Operator	Main Depot	Est. PVR	Funding Status	Tendered Contract End	Interim Approach	Franchise Contract Target Start Date	Reimagine Work
1	Orton - Werrington The Spinney	Stagecoach East	Peterborough	15.00	Partially Supported - Evenings	31/03/2026	Remain Commercial / Partially supported	June-2029	
2	Paston Pittneys - City Hospital Bretton Gate	Stagecoach East	Peterborough	5.00	Partially Supported - Evenings	31/03/2026	Remain Commercial / Partially supported	June-2029	
3	City Hospital Bretton Gate - Stanground Mary Walsham Close	Stagecoach East	Peterborough	6.00	Partially Supported - Evenings	31/03/2026	Remain Commercial / Partially supported	June-2029	
4	Thorney Wisbech Road - City Hospital Bretton Gate	Stagecoach East	Peterborough	4.00	Partially Supported - Evenings	31/03/2026	Remain Commercial / Partially supported	June-2029	
6	Queensgate Bus Stn 8 - Hampton Hampton College	Stagecoach East	Peterborough	3.00	Partially Supported - Evenings	31/03/2026	Remain Commercial / Partially supported	June-2029	
23 24 24X	Peterborough to Lynch Wood Peterborough to Lynch Wood Peterborough to Lynch Wood	Central Connect	Yaxley	1.01	Partially Supported - Extensions	31/03/2026	Remain Commercial / Partially supported	June-2029	
25 25A 25X	Peterborough to Alwalton Hill Peterborough to Orton Waterville Peterborough to Alwalton Hill	Central Connect	Yaxley	1.00	Commercial		Remain Commercial	June-2029	
27	Queensgate Bus Stn - Bus Station	Central Bus Ltd	Unknown	1.00	Fully Supported	31/05/2028 (plus optional 1 year to 2029)	Tendered Contract. Exercise extension option	June-2029	
33	City Hospital Bretton Gate - Whittlesey Roman Close	Stagecoach East	Peterborough	2.00	Partially Supported - Unknown	30/08/2026	Remain Commercial / Partially supported	June-2029	
46	Wisbech Horse Fair Bus Station - Town End Neale Wade College	Stagecoach East	Peterborough	1.00	Fully Supported	26/09/2027	Tendered Contract. Subject to Reimagine work	June-2029	Routes 46,56, T7 are part of the Reimagine work. Proposed routes are combined into a new T55, T56. Renumbering, frequency uplift, route extensions. Subject to confirmation
56	Wisbech Horse Fair Bus Station - Manea Park Road	Stagecoach East Midlands	Stagecoach East Midlands-Spalding	2.00	Fully Supported	25/05/2028	Tendered Contract. Subject to Reimagine work	June-2029	
T7	Wisbech Horse Fair Bus Station - Chatteris East Park Street	Stagecoach East Midlands	Stagecoach East Midlands-Spalding	3.00	Fully Supported	28/05/2028	Tendered Contract. Subject to Reimagine work	June-2029	



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Rte.	Description	Current Operator	Main Depot	Est. PVR	Funding Status	Tendered Contract End	Interim Approach	Franchise Contract Target Start Date	Reimagine Work
60	Queensgate Bus Stn 11 - Orton Northgate Tresham Road	Stagecoach East	Peterborough	1.00	Commercial		Remain Commercial. Subject to remain work	June-2029	Routes 60, 61, 62, 63 are part of the Reimagine work. Proposed routes are combined into a new orbital service T41, T42, major frequency uplift. PVR of 5.
61	Queensgate Bus Stn 11 - Newark Sainsbury's	Stagecoach East	Peterborough	1.00	Fully Supported	26/09/2027	Tendered Contract. Subject to Reimagine work	June-2029	
62	Queensgate Bus Stn 11 - Maxey Tuckers Nook	Stagecoach East	Peterborough	1.00	Fully Supported	26/09/2027	Tendered Contract. Subject to Reimagine work	June-2029	
63	Queensgate Bus Stn 11 - Parnwell Keys Park	Stagecoach East	Peterborough	1.00	Fully Supported	26/09/2027	Tendered Contract. Subject to Reimagine work	June-2029	
415	Peterborough to Upwood	Dews Coaches	Somersham	1.00	Fully Supported	26/09/2027	Tendered Contract.	June-2029	
904	Huntingdon Bus Station - Peterborough Queensgate Bus Stn	Stagecoach East	Fenstanton	3.00	Partially Supported - Unknown	30/08/2026	Remain Commercial / Partially supported	June-2029	
5 5A	Yaxley Windsor Road - Dogsthorpe Lavender Crescent Hampton Serpentine Green - Herald Way	Stagecoach East	Peterborough	9.00	Partially Supported - Mixed	30/08/2026	Remain Commercial / Partially supported	June-2029	
X31	Peterborough to Ramsey	Dews Coaches	Somersham	1.00	Commercial		Remain Commercial	June-2029	
48	Wittering - Peterborough	Transport Connect	Transport Connect-Spalding	1.00	Commercial		Remain Commercial	June-2029	
Total				63.00					

North West Area Tier B (Wisbech) Lot

The Wisbech lot comprises four routes operated by Stagecoach East Midlands, FACT and Fowlers Travel. The routes are currently supported, three of the routes have contracts running to the end of 2028, it is proposed that these continue as tendered routes until franchising begins in 2029. Route 43A appears to currently be funded by Lincolnshire County Council, however, is included in the franchise scheme. The PVR of the lot is 3 buses (4 TVR).

Table 31 North West Area Tier B (Wisbech) Lot Proposed Routes

Rte.	Description	Current Operator	Main Depot	Est. PVR	Funding Status	Tendered Contract End	Interim Approach	Franchise Contract Target Start Date	Reimagine Work
50	Wisbech Horse Fair Bus Station - Long Sutton Market Court	Stagecoach East Midlands	Stagecoach East Midlands-Spalding	1.00	Fully Supported	25/05/2028	Tendered Contract.	June-2029	

66	Wisbech Horse Fair Bus Station - Wisbech Horse Fair Bus Station	Stagecoach East Midlands	Stagecoach East Midlands-Spalding	1.00	Fully Supported	25/05/2028	Tendered Contract.	June-2029	
68	Wisbech Tesco - Wisbech Horse Fair Bus Station	FACT	Unknown	1.00	Fully Supported	31/05/2028 (plus optional 1 year to 2029)	Tendered Contract.	June-2029	
43 43A	Sutton St James - Spalding Sutton St James - Wisbech	Fowlers Travel	Fowlers Travel-Spalding	Single trip	Supported		Remain as status quo.	June-2029	
Total				3.00					

North West Area Tier B (March) Lot

The March lot comprises four services focused on March, three of which are operated by Dews Coaches and the fourth by FACT. All four routes are fully supported, with one contract finishing in 2026 and the others in 2028.

PVR of the routes is 5 (6 TVR).

Table 32 North West Area Tier B (March) Lot Proposed Routes

Rte.	Description	Current Operator	Main Depot	Est. PVR	Funding Status	Tendered Contract End	Interim Approach	Franchise Contract Target Start Date	Reimagine Work
32	March to Ramsey	Dews Coaches	Somersham	1.00	Fully Supported	27/08/2028		June-2029	
302	March to St Ives	Dews Coaches	Somersham	1.31	Fully Supported	11/10/2026		June-2029	
X32	March to Whittlesey	Dews Coaches	Somersham	1.00	Fully Supported	27/08/2028		June-2029	
33A	March Town Service	FACT	Unknown	1.00	Fully Supported	25/05/2028		June-2029	
Total				5.00					

Lotting Strategy: East Area

The East Area is centred on Cambridge and covers Ely, Newmarket, Haverhill (Suffolk) and Royston (Hertfordshire). Stagecoach's Cambridge depot is the main depot in the area, with smaller depots at Ely, Haverhill, Littleport and Royston, two of which are outside of the CPCA area.

Four options were initially prepared for the East Area, with the assignment of routes to tier lots set out in Appendix D. A multi criteria assessment, summarised in detail in 'Bus



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Franchising Lotting Strategy Summary' resulted in the following specification being selected as the preferred option:

- **Tier A** – comprising a large lot of 21 routes, making use of Cambridge depot.
- **Tier B** – 4 area-based lot covering services in Ely/Newmarket, Haverhill and services to the East and South of Cambridge.

The proposed lots, including detail on the estimated PVR and proposed interim approach are set out in the tables below.

East Area Tier A Lot

The Tier A lot comprises 21 routes focused on Stagecoach's current Cambridge services and the area to the north and west of Cambridge. 10 of the routes are commercial with the others fully or partially subsidised.

Four of the routes are subject to change following the findings of the 'Reimagining the Network' project. The estimated PVR of the lot is 91 buses (105 TVR).

Table 33 East Area Tier A Lot Proposed Routes

Rte.	Description	Current Operator	Main Depot	Est. PVR	Funding Status	Tendered Contract End	Interim Approach	Franchise Contract Target Start Date	Reimagine Work
6	Emmanuel Street E5 - Oakington Mill Road	Stagecoach East	Cambridge	2.00	Commercial			June-2030	
8	Emmanuel Street E5 - Rampton Green	Stagecoach East	Cambridge	3.00	Commercial			June-2030	
9	Cambridge - Ely - Littleport	A2B Bus and Coach	Royston	2.70	Fully Supported	31/01/2029		June-2030	
12	Newmarket - Cambridge	Stephenson's of Essex Ltd	Haverhill	2.00	Commercial			June-2030	
100	Cambridge City Centre to Cambridge Research Park	Central Connect	Yaxley	3.00	Commercial			June-2030	
110	Impington - Ely	A2B Bus and Coach	Royston	0.04	Fully Supported	25/05/2028		June-2030	
8A	Drummer St Bus Station Bay 10 - Rampton Green	Stagecoach East	Cambridge	1.00	Commercial			June-2030	
PR5	Drummer Street D3 - Waterbeach Car Dyke Road	Stagecoach East	Cambridge	4.00	Commercial			June-2030	
T2	Fen Ditton Newmarket Park-and-Ride - Madingley Rd P and R	Stagecoach East	Cambridge	2.00	Fully Supported	28/05/2028		June-2030	Routes T2, T3, T4, T5 are part of the Reimagine work. Proposed T4 extended, T3 redesigned, T2 partially withdrawn. Subject to confirmation
T3	Fulbourn Ida Darwin Hospital - Grantchester Bridge Way	Stagecoach East	Cambridge	2.00	Fully Supported	28/05/2028		June-2030	
T4	Addenbrooke's Hospital Bus Station - Newmarket Bus Stn	Stagecoach East	Cambridge	3.00	Fully Supported	28/05/2028		June-2030	

Rte.	Description	Current Operator	Main Depot	Est. PVR	Funding Status	Tendered Contract End	Interim Approach	Franchise Contract Target Start Date	Reimagine Work
T5	Cambridge - Soham	A2B Bus and Coach	Royston	2.72	Fully Supported	28/05/2028		June-2030	
7	Saffron Walden Station Street - Emmanuel Street E4	Stagecoach East	Cambridge	7.00	Commercial			June-2030	
13 13A X13	Drummer St Bus Station Bay 6 - Kedington Mill Road Drummer St Bus Station Bay 6 - Haverhill Bus Station Stop 1 Drummer St Bay 5 - Kedington Mill Road	Stagecoach East	Cambridge	10.00	Partially Supported - Unknown	30/08/2026		June-2030	
PR4	Drummer Street D2 - Babraham Rd P and R	Stagecoach East	Cambridge	5.00	Commercial			June-2030	
PR2 PR2F	Drummer Street D1 - Stetchworth Church Lane Newmarket Road Ditton Walk - Fen Ditton Newmarket Park-and-Ride	Stagecoach East	Cambridge	4.00	Commercial			June-2030	
PR3	Downing Street - Trumpington Trumpington Park-and-Ride	Stagecoach East	Cambridge	4.00	Partially Supported - Unknown	30/08/2026		June-2030	
PR1	St Andrews St S1 - Dry Drayton Hill View	Stagecoach East	Cambridge	4.00	Partially Supported - Unknown	26/09/2027		June-2030	
1	Arbury Campkin Road - Fulbourn Windmill Ln	Stagecoach East	Cambridge	13.00	Commercial			June-2030	
2	Milton Tesco - Addenbrooke's Hospital Bus Station	Stagecoach East	Cambridge	8.00	Partially Supported - Evenings	31/03/2026		June-2030	
3	Thorpe Way 1st Stop - Fulbourn Superstore	Stagecoach East	Cambridge	9.00	Partially Supported - Journeys	31/03/2026		June-2030	
Total				91.00					

East Area Tier B (Ely and Newmarket) Lot

12 routes are included in the Ely and Newmarket Lot with four operators' routes included. One route is commercial, with the remainder either fully or partially supported, all of which are due to end in 2027. It is proposed that these tenders are extended until the franchise start date in June 2030. The commercial route would also remain operated as such until the same date. Total PVR is estimated at 6 buses (7 TVR). There is the opportunity to split this lot into smaller packages if preferable.

Table 34 East Area Tier B (Ely and Newmarket) Lot Proposed Routes

Rte.	Description	Current Operator	Main Depot	Est. PVR	Funding Status	Tendered Contract End	Interim Approach	Franchise Contract Target Start Date	Reimagine Work
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10	Ely - Little Downham	A2B Bus and Coach	Royston	1.09	Fully Supported	31/01/2029	Tendered contract. Review status in 2027	June-2030	
12	Newmarket - Ely	Star Cabs	Haverhill	0.14	Fully Supported	15/08/2027	Tendered contract. Review status in 2027	June-2030	
47	Newmarket - Brinkley	Star Cabs	Haverhill	0.48	Fully Supported	15/08/2027	Tendered contract. Review status in 2027	June-2030	
112	Ely - Newmarket	Stephensons of Essex Ltd	Ely	2.00	Commercial		Remain commercial	June-2030	
117	Upware to Ely	Lords Travel	Littleport	0.34	Fully Supported	26/09/2027	Tendered contract. Review status in 2027	June-2030	
129	Black Horse Drove to Ely	Lords Travel	Littleport	0.29	Fully Supported	26/09/2027	Tendered contract. Review status in 2027	June-2030	
203	Isleham to Newmarket Fordham to Newmarket	Lords Travel	Littleport	0.37	Fully Supported	26/09/2027	Tendered contract. Review status in 2027	June-2030	
204	Isleham - Newmarket	Star Cabs	Haverhill	0.19	Fully Supported	15/08/2027	Tendered contract. Review status in 2027	June-2030	
901 902 903 904	Newmarket Circulars Newmarket Circulars Newmarket Circulars Newmarket Circulars	Star Cabs	Haverhill	1.09	Fully Supported	26/09/2027	Tendered contract. Review status in 2027	June-2030	
Total				6.00					

East Area Tier B (Cambridge East) Lot

The Cambridge East lot is a small lot covering two supported bus routes currently operated by A2B. The contracts for these routes end in 2027, and it is proposed that the tenders are extended until franchising starts in June 2030. The total PVR is estimated at 1 bus (2 TVR).

Table 35 East Area Tier B (Cambridge East) Lot Proposed Routes

Rte.	Description	Current Operator	Main Depot	Est. PVR	Funding Status	Tendered Contract End	Interim Approach	Franchise Contract Target Start Date	Reimagine Work
18	Newmarket Park & Ride - The Wilbrahams - Newmarket	A2B Bus and Coach	Royston	0.05	Fully Supported	15/08/2027	Tendered contract. Review status in 2027	June-2030	
16A	Cambridge - Gt Thurlow	A2B Bus and Coach	Royston	0.37	Fully Supported	15/08/2027	Tendered contract. Review status in 2027	June-2030	
Total				1.00					

East Area Tier B (Cambridge South) Lot

Eight routes will be included in the Cambridge South lot, currently operated by A2B and CG Myall. Four of the routes are subject to change as part of the 'Reimagining the Network' project, which would see the four routes restructured into three. All routes are

supported, with contracts ending between 2026 and 2028. It is proposed that the routes continue to be tendered until the franchise start date of June 2030. The estimated PVR is 9 buses (11 TVR).

Table 36 East Area Tier B (Cambridge South) Lot Proposed Routes

Rte.	Description	Current Operator	Main Depot	Est. PVR	Funding Status	Tendered Contract End	Interim Approach	Franchise Contract Target Start Date	Reimagine Work
114	Chesterton - Addenbrooke's Hospital	A2B Bus and Coach	Royston	2.00	Fully Supported	26/09/2027	Tendered contract. Subject to Reimagine work.	June-2030	Routes 17, 26, 75, 114 are part of the Reimagine work. Renamed as T25, T26, T27. Full redesign with circular and faster routes. Subject to confirmation
17	(Barley)/Guilden Morden - Royston - Cambridge	A2B Bus and Coach	Royston	1.95	Fully Supported	25/05/2028	Tendered contract. Subject to Reimagine work.	June-2030	
26	Royston - Cambridge	A2B Bus and Coach	Royston	1.49	Fully Supported	31/03/2026	Tendered contract. Subject to Reimagine work.	June-2030	
75	Wrestlingworth - Orwell - Cambridge	A2B Bus and Coach	Royston	1.00	Fully Supported	26/09/2027	Tendered contract. Subject to Reimagine work.	June-2030	
101	Whittlesford - Saffron Walden	C G Myall & Son	Royston	1.00	Fully Supported	25/05/2028	Tendered contract. Review status in 2028	June-2030	
199	Cambridge - Newnham	C G Myall & Son	Royston	0.33	Fully Supported	25/05/2028	Tendered contract. Review status in 2028	June-2030	
7A	Fowlmere/Hinxton - Sawston/Trumpington P&R	A2B Bus and Coach	Royston	0.33	Fully Supported	15/08/2027	Tendered contract. Review status in 2027	June-2030	
X75	Cambridge - Biggleswade	A2B Bus and Coach	Royston	1.00	Funded by Central Bedfordshire Council	Unknown	Status quo. Consider whether it should be included as franchise service to change to cross boundary service.	June-2030	
Total				9.00					

East Area Tier B (Haverhill) Lot

The Haverhill lot will include routes 19 and 46A, both of which are fully supported, with contract end dates in 2028. It is proposed that these routes are tendered until the franchise start date of June 2030. The estimated PVR is 3 buses (4 TVR).

Table 37 East Area Tier B (Haverhill) Lot Proposed Routes

Rte.	Description	Current Operator	Main Depot	Est. PVR	Funding Status	Tendered Contract End	Interim Approach	Franchise Contract	Reimagine Work
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								Target Start Date	
19	Burrough Green - Haverhill	Stephensons of Essex Ltd	Haverhill	2.00	Fully Supported	22/12/2028	Tendered contract. Review status in 2028	June-2030	
46A	Haverhill - Newmarket	Star Cabs	Haverhill	1.00	Fully Supported	31/05/2028	Tendered contract. Review status in 2028	June-2030	
Total				3.00					

Other Routes in the CPCA area

Demand Responsive Transport (DRT) services operating within the CPCA area have not at present been included in the three areas outlined above. The proposed Tier B groups above contain scheduled bus services and differences in equipment and operation mean that the DRT services would be better tendered as separate Tier B lots.

Some cross-boundary services have also been excluded from the franchising scheme. These are either operated commercially or under tender to neighbouring authorities and will be operated by Service Permits, subject to consultation.

Timeline for Implementation of Franchising Scheme

The three areas have been considered separately in terms of when each might be ready for the start of competitive franchising. It is noted that in the transition period some routes may receive a DA under the franchising scheme, however the proposed dates represent the point at which competitions can begin and consider the work that needs to be undertaken to implement this.

Tier A Lots

The key principles used to develop a timeline for implementation of competitive franchising were:

- **Central Area** – the start date is set to be the earliest possible date, as no new depot is required.
- **North West Area** – the start date is aligned to the commissioning of a new Peterborough depot.
- **East Area** – additional time is required to establish a depot position in Cambridge.

The proposed timescales for implementing competitive franchising are shown in Table 38.

Table 38 Proposed Timescales for Implementing Competitive Franchising (Tier A)

Area	Franchise Start	Preparation of Tenders	Procurement (bidding & evaluation)	Award of tenders	Mobilisation
Central Area	Jun 2028	Sep 2026 – Mar 2027	Apr 2027 – Sep 2027	Sep 2027	Sep 2027 – Jun 2028
North West Area	Jun 2029	Sep 2027 – Mar 2028	Apr 2028 – Sep 2028	Sep 2028	Sep 2028 – Jun 2029
East Area	Jun 2030	Sep 2028 – Mar 2029	Apr 2029 – Sep 2029	Sep 2029	Sep 2029 – Jun 2030

Tier B Lots

Similar consideration has been given to when the Tier B lots might commence competitive franchising, with the rationale for the decision differing from the Tier A lots.

- **Central Area** – Tier B contracts need to be split into 2 parts. To align with tendered contract end dates and to give SMOs time to prepare for franchising. There is a need to align with the 'Reimagining the Network' work's findings.
- **North West Area** – The majority of identified Tier B services are under tendered contract until May 2028 and therefore whilst franchise contracts could be aligned to start at the end of tendered contracts, it is assumed that franchise start will be in June 2029. There is a need to align with the 'Reimagining the Network' work.
- **East Area** – This will be aligned with Tier A, but some smaller packages can be brought forward earlier to align with the end of tendered contracts.

Furthermore, the timing of each Tier B lot reflects a combination of commercial, contractual and programme delivery considerations. In particular:

- **Alignment with existing contract expiry:** Where start dates align closely with existing tendered contract end dates, this minimises duplication of procurement activity and avoids unnecessary contract extensions.
- **Deferred start beyond contract expiry:** Where Tier B start dates are later than current contract expiry, this reflects the need to:
 - bundle services into coherent franchise packages
 - allow sufficient time for market preparation, particularly for SMOs, and
 - sequence procurement activity within CPCA's delivery capacity.
- **Phased programme delivery:** Later start dates also reflect the need to stagger procurement, mobilisation, and implementation across Tier A and Tier B contracts, ensuring that CPCA and the market can deliver each phase effectively.

Table 39 sets out the proposed timescales for implementing competitive franchising of Tier B routes.

Table 39 Proposed Timescales for Implementing Competitive Franchising (Tier B)

Area	Franchise Start	Preparation of Tenders	Procurement (bidding & evaluation)	Award of tenders	Mobilisation
Central Area Part A	Jun 2028	Sep 2026 – Mar 2027	Apr 2027 – Sep 2027	Sep 2027	Sep 2027 – Jun 2028
Central Area Part B	Jun 2029	Sep 2027 – Mar 2028	Apr 2028 – Sep 2028	Sep 2028	Sep 2028 – Jun 2029
North West Area	Jun 2029	Sep 2027 – Mar 2028	Apr 2028 – Sep 2028	Sep 2028	Sep 2028 – Jun 2029
East Area	Jun 2030	Sep 2028 – Mar 2029	Apr 2029 – Sep 2029	Sep 2029	Sep 2029 – Jun 2030

Performance and Risks

Performance of the franchising scheme and lotting strategy will be measured against the following success factors.



Table 40 Franchise Scheme and Lotting Strategy Success Factors

Success Factor	Measurement
Strong and Competitive Market Response	Number and diversity of bidders: Maximise potential number of bidders per Tier A and Tier B lots; diversity of bidders (large operators and SMOs); absence of single-bidder situations
Affordability and Value for Money	Cost: Tendered costs within agreed affordability envelope; cost per PVR compared with baseline commercial/tendered costs
Meaningful SMO Participation and Market Development	Number of SMOs: Provides meaningful opportunities for SMOs to compete and grow through combination of DAs and correctly sized Tier B packages
Operational Efficiency and Geographic Coherence	Dead Mileage (%) and PVR: Minimise dead mileage; maximise interworking of routes, lot design aligned with depot location and utilisation
Phased and Flexible Implementation	Lots mobilised to planned timescales: Tier A and Tier B packages procured and mobilised in line with agreed phasing; flexibility exercised where required without undermining competition or affordability (e.g. start-date adjustments)
Network Stability	Withdrawn services: Stable pre-franchising period, phased implementation does not lead to significant withdrawal of commercial services
Deliverable	Minimises Day 1 deliverability risks (e.g. TUPE transfers, new depots and fleet)

The delay in the transition of routes to franchising potentially results in financial and service risks. Affordability of the franchising scheme is considered in an earlier section of this report. There is a risk that whilst awaiting franchising further commercial routes will be withdrawn, requiring CPCA to support further routes whilst the revenue from commercial routes remains with the private operators. Delays in transition would mean that enhancements or changes to the network may be put at risk or delayed.

Depots

Summary

The Strategic Delivery Plan for Depots for the franchising programme is driven by a small number of critical, interrelated decisions and constraints. These decisions have a material impact on deliverability, operational cost, operator appetite, and the ability of the franchised network to evolve over time.

The choice of fuels for the bus fleet to be used under franchising, along with the method of procurement and ownership responsibilities, will have a substantial impact on the depot locations, sequencing and costings. For reasons explored in more detail subsequently in the SPD and to ensure a robust financial analysis is possible, it is recommended that battery electrification is the preferred approach for where there is a CPCA-owned bus fleet. Much of the rest of this report is written on that basis. However, it is noted that there are alternatives to battery electrification being developed that will need to be checked before procurement to ensure that these do not offer greater value.

The focus of the Plan is setting out the decisions and timelines relating to depots for “Day One” of franchising of Tier A contracts in each area and for the first contract period.

However, by their nature, depot and fleet decisions have long asset lives and therefore must be taken with full consideration of longer-term implications beyond the first contract period, including future fleet transitions, depot expansion, residual value risk, and whole-life cost impacts.

Recommendations and timelines are underpinned by the base assumptions that CPCA will own and provide a depot in both Peterborough and Cambridge, in line with previous recommendations. This assumption is central to the strategy, as depot availability and configuration are among the most significant barriers to entry for operators and therefore a key determinant of competition and value for money.

Key Depot Decisions Under Consideration

Recommendations focus on the following core decisions for the first contract period:

Table 41 Key Depot Decisions

Franchise Area	Core Decisions
Central Area Tier A Depot	Whether CPCA should own and provide a dedicated depot for the Central Area Tier A contract.
North West Area - New Peterborough Depot	- Decision on preferred procurement approach for the new depot. - Determination of the appropriate depot size and spare capacity, balancing near-term franchise requirements against future network growth and fleet expansion.



	Whether the depot should be fully electrified from Day One, rather than phased electrification.
East Area - Cambridge Depot	Decision [REDACTED] [REDACTED] site capable of meeting current and future operational requirements.

Drivers Informing Depot Strategy

The recommended depot strategic plan is shaped by the following key drivers:

- **Future-proofing and flexibility** - the ability to accommodate future fleet changes (particularly zero-emission technologies), service growth, changes in contract structure, and potential re-tendering of franchises without requiring further major depot investment.
- **Market competition and operator appetite** - the likelihood that potential operators can realistically secure a suitably sized and located depot on reasonable commercial terms. A lack of depot creates a material risk of reduced competition, weaker bids, and higher costs.
- **Deliverability within programme timescales** - the feasibility of identifying, acquiring, securing planning consent for, and delivering a depot within the required timeframe—especially in Cambridge, where land availability is constrained and development risk is high.
- **Uncertainty in future land use and transit operations in Cambridge** - evolving policies relating to land use, commercial development, public transport prioritisation, and potential future transit schemes introduce uncertainty that must be managed through a robust and flexible depot strategy.

Together, these considerations underline the importance of making early, informed, and strategically aligned depot decisions, recognising that while the immediate focus is on the first franchise term, the consequences of these decisions will shape the franchised network for multiple contract cycles.

Central Area

A core decision for the Central Area Tier A contract is whether CPCA should own and provide a dedicated depot or rely on operator-provided facilities for service delivery. [REDACTED]

[REDACTED]

• [REDACTED]

[REDACTED]

■ [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

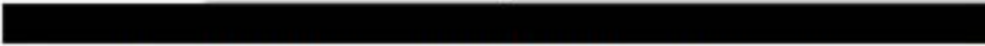
			
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It is recommended that Peterborough should be electrified from Day One for the following reasons:

- **Captures operating cost savings immediately** - electric buses offer lower energy and maintenance costs compared to diesel vehicles. Electrifying from Day One ensures that these whole-life cost benefits are realised across the full contract term, rather than being delayed or partially lost through a phased rollout.
- **Avoids double investment and retrofit costs** – the phasing out of diesel buses in the medium-to-long means the depot would need to be electrified at some point in time, electrifying from the start the potential costs of duplicated works (e.g. depot layout changes) leading to higher total capital costs.
- **Reduces delivery and programme risk** - retrofitting electrification into an operational depot introduces significant risks, including service disruption, construction interface risks, and reliance on uncertain future grid connections. A Day One approach enables a single, coordinated delivery programme.
- **Supports fleet procurement and contract alignment** - a clear, fully electrified specification provides certainty to operators and suppliers, enabling more efficient fleet procurement and avoiding the complexity of mixed or transitional fleets within a single contract period. Potentially lowering operational costs.
- **Strengthens decarbonisation outcomes and funding alignment** –electrification maximises emissions reduction from the outset.

The planned capacity of the new depot should proceed on the basis of 100 bus capacity, with the option to potentially reduce to a capacity of 90 buses if required. Depending on the finalisation of the lotting strategy, the total number of vehicles for Peterborough is likely to be around 70 buses to operate the Tier A contract. Maintaining a larger 100 bus capacity ensures the depot can accommodate any future service expansion, additional routes, and increased frequencies without requiring further major infrastructure investment.

East Area

The core decision for the East Area is 
 secure a 
 site capable of meeting current and future operational requirements.

While a new-build depot could provide greater long-term strategic alignment with future network and electrification ambitions, it is not considered deliverable within the required programme timescales. The availability of suitable land in Cambridge is highly constrained, and the process of site identification, acquisition, planning consent, and construction presents a material risk to franchise mobilisation, particularly given wider



[illegible]

No single delivery model is optimal across all areas. Instead, the preferred strategy in Table 44 reflects a zonal differentiation based on market conditions, deliverability, and long-term uncertainty.

Franchise Area	Recommendation	Rationale
Central Area	Operator provides depot for Tier A Busway Contract.	- Size of the Tier A package does not specifically require CPCA to own a depot. - Based on the lotting strategy recommendation the Tier A Central Area contract is expected to be around 40 PVR (46 Total Vehicle Requirement (TVR)), which can potentially be accommodated at Fenstanton and Swavesey depots or another depot site identified by potential operators. — This approach provides time (until 2033 to 2035) and flexibility to determine the longer-term depot and electrification strategy for Busway services and local routes. - Avoids additional upfront capital commitment for CPCA, which allows capital funding to be concentrated on the Peterborough and Cambridge sites as per the franchise assessment.

North West Area (New Peterborough Depot)	• The CPCA funds and builds new depot • The Depot is electrified from Day One • Capacity of the depot should be retained at 100 buses but could be reduced to 90 buses if required.	• CPCA funding and build delivers lower whole-life cost, stronger value for money, and greater long-term strategic value. • Peterborough should be electrified from Day One to ensure operating costs benefits from electric operation are realised from Day One and to avoid transition risks. • Site bus capacity could potentially be reduced to 90 buses capacity based on the number of the buses required for the routes for Tier A contract (approximately 70 TVR) and allow for additional capacity for future increases. However, planning should proceed on the basis of a 100 bus depot.
East Area (Cambridge)	• [REDACTED] • [REDACTED] • [REDACTED]	• Highly unlikely that CPCA will be able to identify a viable site and construct a depot in the short-term. • There is currently uncertainty over future plans regarding future busways, mass transit, land use and future needs for the bus network. This requires additional time to work through and confirm potential new sites for a depot that aligns with future transport plans. [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED]

Overview of changes in recommendations from the 2025 Business Case

For context, the 2025 Business Case recommended that CPCA provide three depots to support robust competition: two depot facilities in Cambridge and one new depot facility in Peterborough, for the use of the winning bidders of the three large lots in the 2025 Business Case.

The Independent Review into Implementation Pathways for the Bus Franchising Scheme (Appendix 1) recommended that the CPCA control (through ownership or leasing) one depot facility in Cambridge and one in Peterborough. A competitive tender would be possible in the Central Area and busway via existing depots in the region.

[REDACTED]

[REDACTED]

[REDACTED]



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The SDP recommends that two depots are procured, similar to the Independent Review. One new depot in Peterborough would be procured; and one in Cambridge [REDACTED] for the first franchise contract there (while clarity develops on planning and mass transit in Cambridge for the longer-term).

Depot Timelines

The delivery programme for the Peterborough Bus Depot has been structured to align site acquisition, design progression, and approvals with the wider franchising implementation timeline. Following early-stage feasibility and site acquisition, the scheme is planned to progress through detailed design to achieve RIBA Stage 3 by October 2026, providing a fully developed concept suitable for planning and procurement. This will be followed by submission and approval of the Full Business Case in December 2026, enabling commitment to construction. The Build phase, which will deliver the depot infrastructure, utilities, and zero-emission readiness, aims for completion of construction and final commissioning by March 2029, ensuring the depot is fully operational to support franchised service rollout in (June 2029).

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

Fleet

The Fleet Strategic Plan for the franchising programme is driven by a small number of fundamental, interdependent decisions, taken at the franchise area level. These decisions directly influence deliverability, cost, operational risk, and the range of viable bidding and operating models available to the market.

This assessment of options focused on Day One fleet decisions required for the commencement of the first Tier A franchise contract period and covering the first franchise contract periods. However, as with depot assets, fleet decisions have long operational and financial lifespans. As a result, they must be made with explicit regard to longer-term implications beyond the first contract period, including future zero-emission transitions, fleet standardisation, residual value risk, depot compatibility, and whole-life cost to the public sector.

The fleet strategic plan for each Tier A franchise area contract is shaped primarily by the following key drivers:

Depot strategy:

- Whether depots are CPCA-owned or operator-owned, and whether they comprise existing facilities or new-build infrastructure.
- The location, size, and electrical capacity of depots materially constrain the fleet types that can be operated and the pace at which fleet transition can occur.

Electrification timing:

- Whether zero-emission vehicles are required from Day One, or whether a phased transition is permitted across the first contract period.
- Early electrification drives fleet specification, depot design, grid connections, and capital financing requirements, while phased approaches introduce interface and transition risks across contract terms.

Vehicle availability and technical constraints:

- The availability of suitable vehicles in the required volumes and delivery timescales, particularly where specialist vehicle requirements apply (for example, Guided Busway-compatible vehicles).
- Supply chain constraints, model availability, and manufacturer lead times may significantly limit feasible fleet options irrespective of procurement preference.

Decisions regarding fleet procurement options, including whether vehicles are procured by operators or directly by CPCA, whether vehicles are purchased or leased, and the treatment of incumbent fleet are considered secondary to the primary constraints set by depots, electrification timing, and vehicle availability.

While procurement route decisions affect risk allocation, financing cost, and standardisation, they do not materially expand the set of feasible fleet options where infrastructure or vehicle availability constraints are binding.



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The Strategic Plan therefore focuses on how the key strategic decisions described above define and constrain the realistic fleet delivery options available in each franchise area for Tier A contract. Rather than assessing all theoretical procurement and ownership models, the assessment identifies:

- The fleet options that are practically deliverable by Day One given depot readiness and vehicle supply.
- The extent to which fleet choices support or limit future network development and re-tendering flexibility.
- The implications of different decisions for cost, market competition, and implementation risk.

This approach ensures that fleet strategy is aligned with depot strategy and wider franchising objectives, and that recommendations are grounded in what is achievable within the programme timescales and market conditions.

Fleet Procurement Options

A common set of fleet delivery options is available across all franchise areas. These options define who provides the vehicles and how operators gain access to them, but they sit downstream of the primary strategic decisions on depot provision, electrification timing, and vehicle availability.

Two high-level fleet provision models are available:

- **Operator-led provision:** under this approach, fleet is procured and financed by the operator as part of their franchise bid. This model places capital risk, asset management, and manufacturer interface largely with the operator, subject to the franchising authority's specification.
- **CPCA-led provision:** under a CPCA-led approach, the authority procures fleet directly and makes vehicles available to operators, typically through a leasing arrangement. This can support standardisation, reduce barriers to entry, and offer greater control over long-term fleet strategy, but increases CPCA exposure to capital cost and residual value risk. CPCA should only lead provision in case where new battery electric can be used.

Figure 7 Operator-led provision options

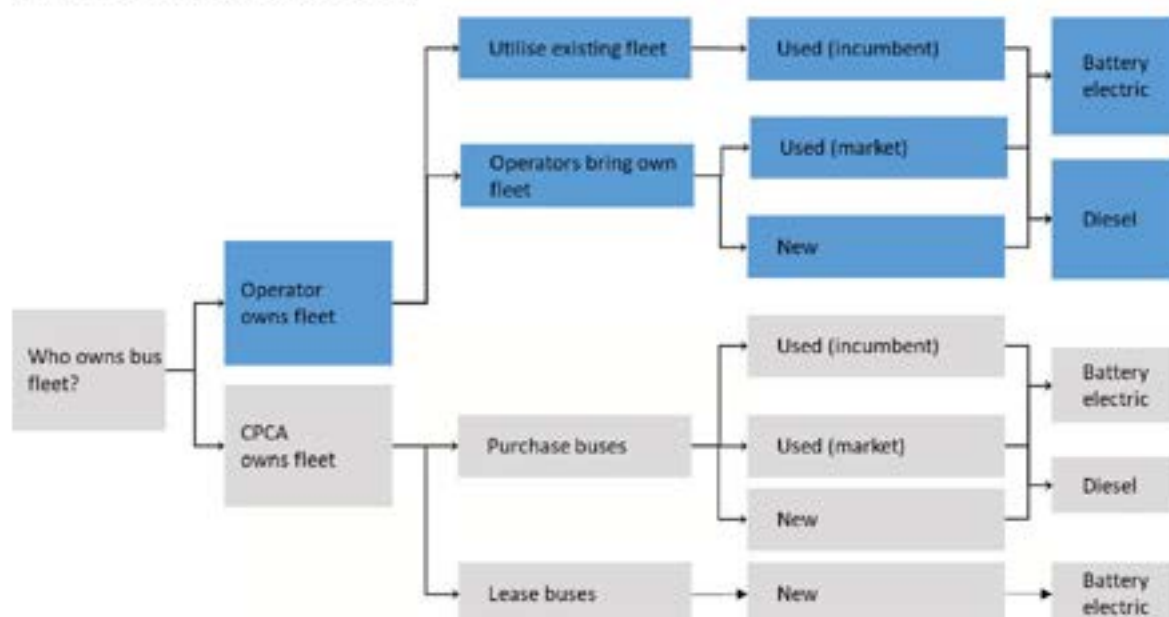
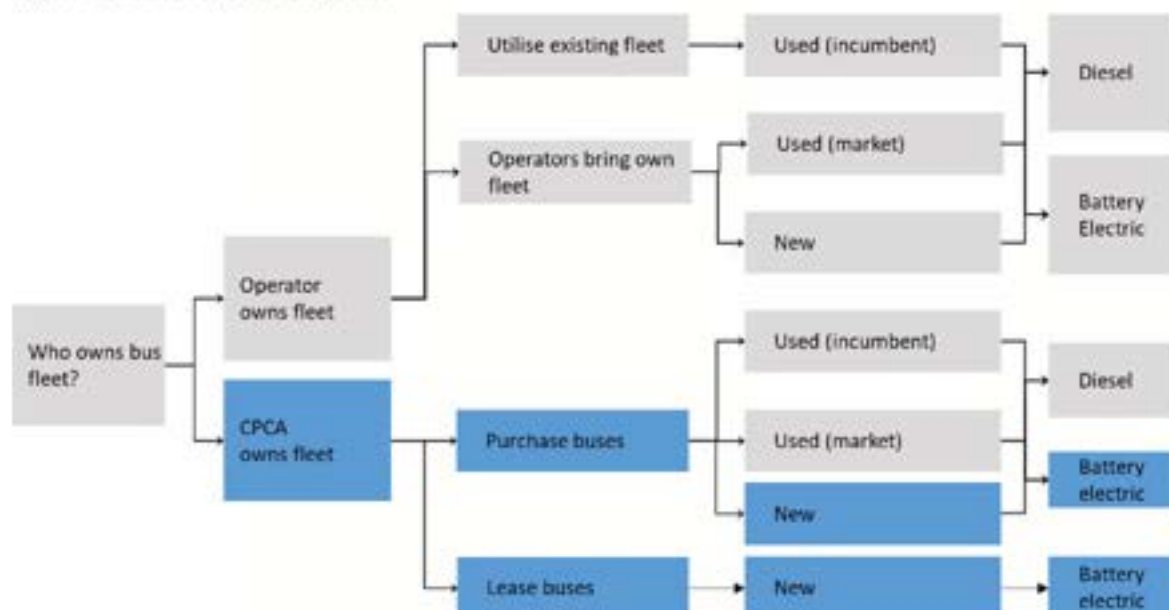


Figure 8 CPCA-led provision options



How is the Fleet Accessed?

Regardless of who leads procurement, fleet access can take several forms:

- **Purchase:** vehicles are purchased outright, either by the operator or CPCA, with ownership retained beyond the contract term. This approach typically offers the lowest whole-life cost but exposes the owner to residual value risk.
- **Lease:** vehicles are accessed through operating or finance leases, reducing upfront capital requirements and residual value exposure, but at higher overall cost over the asset life.
- **Use of incumbent fleet:** existing vehicles owned or leased by the incumbent operator may be retained for some or all of the first contract period, subject to



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condition, specification compliance, and remaining asset life. This can offer programme and cost advantages but may constrain standardisation and future fleet transition.

Supporting Mechanisms

Where operators are required or incentivised to procure vehicles, supporting mechanisms may be required to manage risk and maintain competition. In particular, residual value mechanisms can be applied to support operator purchase of fleet.

- At the beginning of the contract, this can improve bid competitiveness by reducing perceived asset risk.
- At the end of the contract, this provides assurance on exit arrangements, enabling fleet re-use, re-assignment to a successor operator, or buy-back by CPCA.

Such mechanisms are particularly important where vehicle markets are constrained or where fleet specification is highly bespoke. The use of residual value has been used in other franchise procurements in Manchester and West Yorkshire.

Relationship to Strategic Constraints

The suitability of each fleet delivery pathway is highly context-specific and depends fundamentally on:

- Electrification timing: Day One versus phased transition
- Depot strategy: CPCA-owned versus operator-owned; existing versus new infrastructure
- Vehicle availability and market constraints, including specialist requirements such as Guided Busway compatibility.

As a result, while a common menu of delivery options exists in principle, not all options are viable in all franchise areas. The analysis therefore considers how the strategic decisions on depots, electrification, and vehicle availability constrain or enable specific fleet delivery approaches in each area, rather than assuming that all models are interchangeable.

Options for each Franchise Area

Central Area – Tier A

Baseline Assumptions

The Tier A franchise contract in the Central Area is planned to go live in June 2028. The routes planned to be included in the Tier A contract are primarily services using the Busway (Route A,B and T1) and a collection of other local services in St Ives and services to Cambridge (Route 5,5A,8 and 67/67B) with PVR of 40 vehicles.

Operators will be required to provide their own depot for this contract.

Limited Supplier Market

The key constraint on fleet is the provision of suitable vehicles for the Busway with supply of guideway-compliant vehicles being limited, this drives procurement risk and limits feasible delivery models.

The market for guideway-compliant vehicles using physical guide arms is highly constrained. At present, Volvo is understood to be the only established OEM supplying vehicles compatible with the Cambridge Guided Busway system using physical guide-arm technology. Other manufacturers that were previously active in this specialist market—including Wrightbus and Wisdom Motor—are no longer producing guide-arm equipped buses. As a result, the supplier base is effectively limited to a single OEM for new vehicles, significantly reducing competitive tension and increasing exposure to supplier-specific risks.

This both limits the market for new vehicles and retrofitting of used vehicles. As such the market for guideway compliant vehicles is primarily limited to existing vehicles operating on the Busway by Stagecoach and Whippet or large operators with access to suitable fleets.

Electrification Constraints

Electrification of Guided Busway services introduces additional, significant constraints.

Depot electrification is a prerequisite for battery-electric bus operations. Under current assumptions, depot electrification is not feasible for the first franchise contract period, either due to programme constraints, network readiness, or wider depot strategy considerations.

No battery-electric, guideway-compliant vehicle has been identified as an off-the-shelf product available in the market. While it may be technically feasible for an OEM to develop such a vehicle, doing so would require a bespoke development programme, introducing unacceptable delivery, performance, and approval risks for Day One operations.

As a result, battery-electric operation of the Guided Busway cannot be assumed within the first franchise contract period without a high degree of additional risk. This should be considered within the vehicle specification for potential bidders.

Electrification of Busway operations should be deferred as a longer-term consideration, likely beyond the first franchise contract period (post-2033). The introduction of electric buses on the guideway should only be mandated when there is a suitable depot capable of supporting electric Busway operations and alignment with OEM development timelines for guideway-compatible zero-emission vehicles.



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Potential alternative approaches

A potential alternative to the existing physical guide-arm system would be a move towards non-physical guidance technologies, such as optical, camera-based, or sensor-based vehicle guidance systems. Such systems could, in principle, reduce the current dependency on a highly constrained supplier market by enabling the use of more standard bus platforms and a wider range of OEMs.

A transition away from physical guide arms could therefore offer potential benefits including:

- Reduced procurement constraints, by decoupling vehicle supply from a single specialist manufacturer.
- Greater flexibility in fleet specification, including potential alignment with broader zero-emission bus platforms.
- Improved compatibility with future vehicle technologies as guidance systems evolve.

However, adoption of alternative guidance systems presents significant barriers for the first franchise contract period. Any departure from the established guide-arm system would require:

- Robust evidence of operational safety and reliability, particularly at speed and under all weather conditions.
- Demonstrable compatibility with the existing Guided Busway infrastructure, including kerbing, clearances, and stopping accuracy at stations.
- Consideration of regulatory approval requirements, including vehicle certification and any implications for highway authority responsibilities.
- Formal CPCA approval, supported by testing, trials, and assurance processes.

Given the scale of evidence, approvals, and system integration that would be required, it is highly unlikely that such an approach could be developed, tested, approved, and implemented within the timescales of the first franchise contract without introducing unacceptable delivery and safety risk.

As a result, alternative guidance technologies are not considered a viable option for Day One operations and do not materially change the near-term fleet strategy. They may, however, represent a longer-term area for monitoring or future feasibility assessment, should vehicle technology mature and policy objectives evolve beyond the initial franchising period.

Fleet Provision Options

The operating requirements of Guided Busway, timing of the proposed franchise “go live” date and depot electrification status limits the feasible fleet provision options. Three potential options have been considered:

- **Pathway 1: Responsibility of bidder to supply fleet.** Under this pathway the bidding operator would be responsible for supplying the vehicles for Busway routes and other routes in the contract.
- **Pathway 2: Existing fleet transferred to new operator from incumbent operator via residual value mechanism.** Under this pathway existing fleet used on the Busway routes would be transferred from existing operators (Stagecoach and Whippet) to the incoming operator for a pre-agreed price. CPCA would negotiate the price with Stagecoach and Whippet, and the winning bidder agrees to purchase the vehicles at agreed price. Vehicles for other routes in the lot package can either provided through the residual value mechanism or can be provided by the bidding operator.
- **Pathway 3: CPCA Procures a new compliant fleet.** Under this pathway the CPCA would procure a brand new compliant fleet for Busway routes and other routes in the contract either through direct purchase or leasing the fleet.

Table 45 Fleet provision options

Pathway	Assessment	Recommendation
Pathway 1: Responsibility of bidder to supply fleet	Due to lack of compliant vehicles on the market likely to favour Stagecoach as incumbent and a lesser extent Whippet who have existing guideway-compliant vehicles operators. Other Potential operators would likely need procure new vehicles or retrofit used vehicles as limited compliant guideway vehicles are available. No upfront capital costs for CPCA.	Not recommended
Pathway 2: Existing busway fleet transferred to new operator from incumbent operator via residual value mechanism	This approach allows for immediate mobilisation by using vehicles that already meet guideway requirements, avoiding near-term procurement challenges in what is currently a constrained supplier market. It also removes any upfront capital costs for CPCA.	Recommended
Pathway 3: CPCA Procures a new compliant fleet	This option would give CPCA greater control over the fleet specification, but it carries significant procurement and delivery risks due to the very limited supplier market for guideway-compliant buses. It is also likely to involve higher capital outlay, whether through premium purchase prices or elevated leasing costs, and new vehicles are unlikely to be delivered in time for the June 2028 franchise competition. Any new fleet would need to be diesel-powered until depot electrification is complete, which	Not recommended.



	means procuring additional diesel buses in a way that does not align with wider decarbonisation policy.	
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Recommend option - Central Area – Tier A

The recommended pathway is option 1b. The rationale is explained in more detail in the following table:

Table 46 Fleet recommendation

Pathway	Recommendation	Rationale	Contingency Option
Pathway 2: Existing busway fleet transferred to new operator from incumbent operator via residual value mechanism	Existing fleet transferred to new operator from incumbent operator via residual value mechanism. Under this option existing fleet used on the Busway routes would be transferred from existing operators [REDACTED] to the incoming operator for a pre-agreed price. [REDACTED] [REDACTED] Vehicles for other routes in the lot package can either be provided through the residual value mechanism or can be provided by the bidding operator.	Requires no capital investment from CPCA. Ensures that all potential bidders have guaranteed access to busway-compliant vehicles, eliminating a key barrier to entry in the central area, potentially improving competition. Potentially transition risks on the Busway, from lack of compliant vehicles in the market.	[REDACTED]

North-West Area (Peterborough) – Tier A

Baseline Assumptions

The Tier A franchise contract in the North West Area is planned to go live in June 2029. This area covers 27 routes in Tier A with a PVR of 63. It is assumed that CPCA own the depot and it is fully electrified.

Fleet Provision Options

The key decision for this Tier A pathway is whether to electrify Peterborough from Day 1 or to adopt a phased approach. Based on this, three options are considered:

- **Pathway 1a: Electric depot from Day 1 with CPCA provided fleet.** Under this pathway, the depot is electrified from day 1 with a CPCA provided fleet of electric buses.
- **Pathway 1b: Electric depot from Day with operator provided fleet.** Under this pathway, the depot is electrified from day 1 with operators providing a fleet of electric buses.
- **Pathway 2: Phased approach to depot electrification.** Under this pathway, the depot electrification is phased with this option likely favouring an operator owned fleet.

Table 47 Fleet provision options

Pathway	Assessment	Recommendation
Pathway 1a: Electric depot from Day 1 with CPCA provided fleet	This option delivers operational cost savings from the first day of service through electric operations and provides early alignment with wider decarbonisation objectives. It naturally favours a CPCA-led approach to fleet provision—whether through purchase or leasing—given the need for coordinated delivery and the scale of upfront capital and asset risk involved. While this would require a higher initial capital commitment if CPCA were to own the vehicles, those costs are balanced by lower long-term operating expenses, reduced operator risk, and the potential for increased competition. It also enables a shorter mobilisation period compared with operator-provided fleets, as CPCA can begin procuring new vehicles ahead of the franchise contract award.	Recommended
Pathway 1b: Electric depot from Day 1 with operator provided fleet	This option provides operational cost savings from Day 1 through electric operations and offers early alignment with wider decarbonisation objectives. However, relying on operator-provided fleets would introduce additional costs linked to financial and delivery risks, which may also limit market participation. It would require close coordination between the operator and the depot construction programme, adding further complexity and risk. Mobilisation would also take longer, as operators cannot secure agreements with vehicle manufacturers until after the contract is awarded, delaying the procurement process.	Contingency recommendation
Pathway 2: Phased approach to depot electrification	This option delays the operational cost savings that would come from electric operations on Day 1 and may introduce additional transition costs, requiring a well-defined plan for moving to full electrification. It favours an operator-owned approach at the outset, as the lower upfront capital requirements allow existing diesel vehicles to be used, reducing initial mobilisation risk. However, this creates the possibility of stranded diesel assets or future conversion costs. A transition to a CPCA-owned electric fleet could still be made during the life of the contract, but it would need to be carefully managed.	Not recommended

Recommended Pathway

The recommended pathway is option 1b. The rationale is explained in more detail in the following table:

Table 48 Fleet recommendation

Pathway	Recommendation	Rationale	Contingency Option
Pathway 1a: Electric depot from Day 1 with CPCA provided fleet	CPCA procures and owns a new electric fleet of approximately 70 buses for Peterborough depot.	Procuring and owning a new electric fleet for Peterborough enables CPCA to remove a major barrier to entry, ensuring all potential bidders compete on a level playing field, increasing competition. It secures the benefits of lower operating costs and zero-emission performance from day one. Shortening mobilisation periods by allowing CPCA to initiate vehicle procurement in advance of contract award, reducing delivery risk for incoming operators.	Operator supplies electric vehicles with the use of a residual value mechanism as an option at the end of the franchise.

East Area (Cambridge) – Tier A

Baseline Assumptions

The Tier A franchise contract in the East Area is planned to go live in June 2030. This area comprises a large lot of 21 routes, [REDACTED]

[REDACTED]

Fleet Provision Options

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

Table 49 Fleet provision options

Pathway	Assessment	Recommendation
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]

Affordability and Funding

Steer has developed a bespoke tool to assess the affordability of transitioning to a franchised network. The assessment builds on the forecasts underpinning the franchising scenario as presented in the Outline Business Case (OBC) Assessment, using the same demand data but with some updated and refined modelling assumptions based on the latest available information.

Key updates include freezing the Mayoral precept, packaging the network into areas to be franchised at different times, local adjustments to the national operating cost per mile, inclusion of the Tiger Pass subsidy, assumptions of grants into the longer term, inclusion of reliability benefits from investment in network improvements and reflecting changes to depot and fleet ownership.

In the 2024 Business Case Assessment, the financial impact of franchising on CPCA was estimated using a bespoke spreadsheet model developed by ITP. Our approach adopts the same model structure, combining revenue, operating costs, and other income and costs to determine the overall net position under franchising. It has however been adapted to give greater consideration to the performance of each individual route, and to model the outcomes of franchising both on the implications by lot and tier, as well as the different franchising options regarding fleet and depot ownership.

The tool has been developed to aid the combined authority in scenario testing to provide an understanding as to the range of outcomes that could arise during the transition to a franchised network.

Due to a lack of availability of operator data, the affordability tool makes a series of assumptions as to the cost and revenue of bus services, that have been backed by evidence and local benchmarking wherever possible. There are however limitations as to the level of detail the tool can provide, which could be greatly improved given greater operator data, such as annual operator passengers and yield by ticket type, as well as data on operating costs by their individual component (fuel costs, staff costs etc).

In line with the historic national and local decline of bus patronage, our tool projects a declining bus network, driven primarily by exogenous growth factors such as rising incomes and falling car costs, which drive modal shifts from bus to other means of transport.

The decline in patronage is inherent to the bus network. It would likely remain or worsen under a non-franchised scenario due to the removal of franchising benefits such as the introduction of a simple and unified ticketing system.



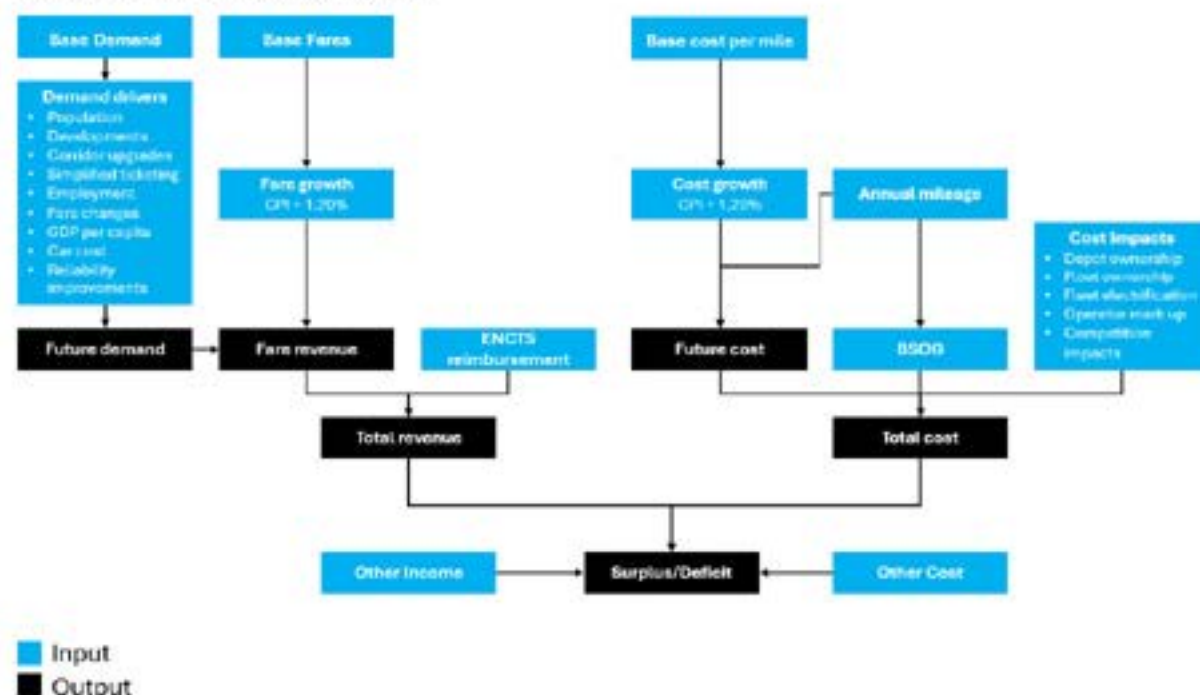
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The assessment also incorporates the proposed lotting strategy, allocating services to the North West, Central, and East areas and applying the implementation timelines set out in Table 5 and Table 6 to determine when each area is franchised.

Model Overview

The affordability tool is based on the model structure shown in Figure 9 which combines revenue, operating cost and other income / costs to determine the overall Net Position under franchising.

Figure 9 Overview of modelling approach



The tool makes the distinction between commercial and supported services, which are defined as follows:

- **Commercial Services** – Any (unfranchised) service which operates on a fully commercial basis, or with de minimis support from the combined authority.
- **Supported Services** – Any service that is either currently fully supported by agreement with the combined authority, or has been brought into the franchised network.

The distinction between commercial and supported services has been made to better reflect the pre-franchising position of the combined authority, who in the years prior to franchising bare the financial implications of supported services, not commercial services. This is important to give a representation of the authority's financial position prior to franchising, which affects the affordability of the network in later years.

The following sections describe some of the key assumptions that have been introduced into the affordability tool to capture benefits and costs to the network under the different assessment options.

Capital Investment Assumptions

The recommended case assessment assumes that CPCA will fund and build a new depot at Peterborough [REDACTED]

[REDACTED] The Peterborough depot is assumed to be fully electric from Day One. The assessment includes the capital costs of purchasing the depots with an associated reduction in operating costs where CPCA absorb depot-related costs. Operating costs are assumed to decrease by 1% for services operating from CPCA-owned depots. This is based on CPT cost monitor⁷, which shows ownership costs (depots and fleet) make up 8% of total vehicle operating costs. Depots typically make up 25% of ownership costs, therefore we assume depot costs make up 2% of total operating costs. The depot cost is assumed to fall by 50% for CPCA ownership, leading to a total 1% reduction in operating cost.

The assessment further assumes that CPCA will procure and own a new electric fleet of 70 buses for the Peterborough depot, while fleets in other areas remain operator owned. The capital cost of fleet acquisition is included, alongside a 2% reduction in operating costs for services using the Peterborough depot.

The capital cost of the fleet, depots and network improvements, exclusive of any capital grant funding is summarised in the table below.

Table 51 Capital Expenditure

	2025/26	2026/27	2027/28	2028/29	Total
Peterborough Depot	£100,000	£28,700,000			£28,800,000
[REDACTED]			[REDACTED]		[REDACTED]
Network Improvements ⁸		£2,707,000	£4,558,000	£2,779,000	£10,044,000
Fleet Purchase			[REDACTED]	[REDACTED]	[REDACTED]

Peterborough Depot has an agreed costed Outline Business Case for a depot suitable for future electrification which has been developed with best available forecast costs, which will be updated with more accurate costs as the final specification and design are determined.

The cost of the depot and network improvements has been provided by CPCA, while the estimated cost of fleet purchase is based on an assumed cost per vehicle of [REDACTED] for double decker buses and [REDACTED] for single decker. Based on the purchase of 45 double

⁷ [CPT Cost Monitor | CPT](#)

⁸ Network Improvements refer to targeted capital investment in bus network infrastructure designed to improve reliability, journey times and operational efficiency. The details of the improvements are as yet undetermined. However, these interventions will focus on addressing known congestion pinch points and enhancing bus priority.



deck and 25 single deck buses, this gives a total estimated fleet cost of [REDACTED]

Capital grants to the Combined Authority have also been included. These are made up mainly by the Local Authority Bus Capital Grant, but also some smaller capital grants such as gainshare and the Ministry of Housing, Communities and Local Government grant.

Since the decision to franchise was taken the Department for Transport has announced multi-year capital and revenue grant settlements for the CPCA. Alongside this, and furthering their commitment to greater devolved decision-making, several previously separate grants have now been consolidated into a single Mayoral Transport Fund (MTF) including both the capital and revenue allocation of Local Authority Bus Grant.

While the consolidation into the MTF enables the CPCA to take a more holistic view on funding than the previous, rigid, grant structure no decisions have yet been made on allocations and the draft Local Transport Delivery Plan submitted in March 2026 indicated that the intention of the CPCA is to allocate the amounts of the MTF which correspond to the LA Bus Grants to passenger transport services.

In-line with this the funding within the model has been updated to include the known amounts of the LA Bus grants for the years they have been announced, and an assumption that these grants will continue in cash-flat terms beyond that point and can be utilised on the anticipated capital and revenue costs of the network.

The capital grant assumptions are summarised in Table 52 below.

Table 52 Capital Grant Assumptions

	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31 Onwards
LA Bus Grant	£6,597,720	£5,488,718	£5,599,044	£5,709,030	£5,819,696	£5,820,000
Other Grants	£100,000	£3,900,000	£5,000,000			

Capital Cost Benchmarks

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]

A reasonable publicly available benchmark of capital costs for the new Peterborough depot is the West Yorkshire Combined Authority's (WYCA) estimated costs for the new Wakefield electric bus depot. WYCA have estimated of £59,561,000 for land purchase and build. This cost includes £11,209,313 for risk and contingency allowances and £224,655 for monitoring and evaluation¹⁰, the remaining amount of approximately £48 million would be for land purchase and build. The split between land purchase and build is not publicly available or the construction assumptions used by WYCA. Wakefield depot is expected to be 20% larger than Peterborough depot, accommodating 125 buses compared with Peterborough depot's 100 buses. However, based on the limited information currently available in the public domain, this comparator is useful but subject to further due diligence on potential costs associated with full design and build of Peterborough depot, adjusted for the information already known particularly on the land acquisition costs related to Peterborough depot.

The existing Peterborough depot capital costs do not explicitly contain electric ready infrastructure such as the grid connection and electric chargers. The infrastructure related to electric operation is subject to a further detailed options assessment to inform the full business case for the depot.

¹⁰ [WYCA - Modern Gov](#)



Impact of Franchise Competition

The introduction of franchise contract requirements (e.g. performance targets) naturally has the impact of increasing operating costs compared to the existing non-franchised network, with expected offsets such as improved performance and service quality potentially increasing demand. Franchising is expected to package routes into commercially viable contracts that encourage competition. The level of competition achieved will impact the contract cost of services, ranging from maintaining the level of cost that would be seen in a non-franchised network (+0%) under a high competition scenario, to varying levels of cost increase depending on the competitive position.

These effects vary by area and by tier. For tier A services we assume; higher competition in the North West (where both depot and fleet are CPCA-owned), medium competition in the East (where the depot is CPCA-owned and fleet are operator owned)), and lower competition in the Central area (operator-owned depot and fleet). For tier B services we assume medium competition across all areas.

The following table summarises the assumed change in operating costs resulting from depot and fleet ownership, as well as increased competition. Overall changes are derived from the combination of these effects.

Table 54 Change in Franchise Contract Costs from Depot and Fleet Ownership Recommendations

Change in operating costs	East Area Tier A	North West Area Tier A	Central Area Tier A	Tier B (All Areas)
Enhanced contract requirements under franchise	+7.5%	+7.5%	+7.5%	+7.5%
Impact of increased competition	-5.0%	-7.5%	0%	-5%
Depot ownership efficiency	-1%	-1%		
Fleet ownership efficiency		-2%		
Overall change	+1.5%	-3%	+7.5%	+2.5%

Reliability Improvements

CPCA has allocated funding totalling £10.0m earmarked for network improvements. The details of the improvements are as yet undetermined; however the funding will focus on choke points within the bus network in order to improve the performance and reliability of services.

It is vital that Highways infrastructure and how buses can move freely along it is improved to ensure improved punctuality and reliability. If punctuality does not improve from its current baseline, it will enhance the risk of poor performance, reduced patronage and higher costs.

As the plans are undetermined the specific services that will benefit are as yet unknown. In order to still model a benefit to the expenditure, a small number of strategically significant higher-frequency urban corridors have been selected for targeted scenario testing of reliability improvements.

The following services were selected due to their strategic importance and current levels of On Time Performance (OTP).

Table 55 Services selected for reliability improvements

Service	Current OTP	Target OTP	Demand Impact	Years split over	Annual Demand Impact
1 Arbury - Fulbourn	74%	85%	2.7%	5	0.5%
1 Orton - Werrington	75%	85%	2.0%	5	0.4%
2 Milton - Addenbrooke's	80%	85%	3.3%	5	0.6%
3 Fison Road - Cherry Hinton	76%	85%	2.8%	5	0.5%
3 Park Farm - City Hospital	76%	85%	4.5%	5	0.9%
5 Cambridge - Northstowe	74%	85%	5.3%	5	1.0%
5A St Ives Bus Station - Bar Hill	80%	85%	3.0%	5	0.6%
6 Peterborough - Hampton	73%	85%	3.3%	5	0.6%
A St Ives - Trumpington P&R	75%	85%	2.1%	5	0.4%
B Cambridge - Huntingdon	77%	85%	8.1%	5	1.6%
5, 5A Yaxley Windsor Road	71%	85%	4.3%	5	0.8%

The demand impact is estimated by converting the change in OTP into a generalised journey time (GJT) impact, then applying a 2% demand uplift per minute improvement in IVT¹¹. The increased revenue impact of the demand uplift has been included in the recommended base case assessment.

For services with a headway less than 15 minutes, the following formula is used to convert reliability improvement into a GJT benefit:

$$\Delta GJT = w_{wait} \times (R_{after} - R_{before}) \times \frac{H}{2}$$

¹¹ Confederation of Passenger Transport UK: The Case for Faster Buses

where:

ΔGJT = Change in generalised journey time

w_{wait} = waiting time weighting (typically 2.0 in UK practice)

R = Reliability¹²

H = Headway in minutes (Headway is the time between scheduled services so a 4-hourly service would have a headway of 15-minutes)

For services with headway greater than 15 minutes, the following formula is used:

$$\Delta GJT = \lambda \cdot (R_{after} - R_{before}) \cdot T$$

where:

ΔGJT = Change in generalised journey time

λ = Reliability weighting

R = Reliability

T = Average journey time

Demand

Future year demand is estimated by applying demand growth to a base year of demand data. Drivers of this demand growth include:

- **Exogenous drivers** – Factors outside the control of decision makers.
- **Endogenous drivers** – Factors which can be controlled or altered by decision makers.

The following table provides a summary of the exogenous and endogenous demand drivers applied within the tool.

Table 56 Demand drivers

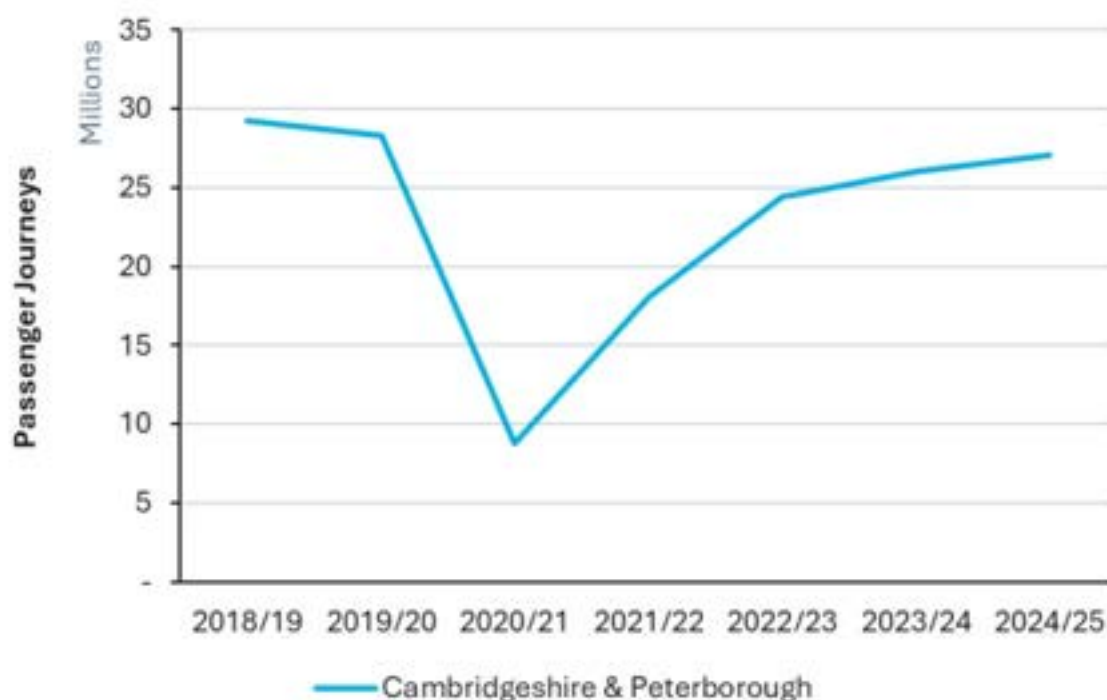
Exogenous drivers	Endogenous drivers
Population	Corridor improvements
Developments	Simplified ticketing
GDP per capita	Fares
Employment	Reliability improvements
Car Cost	

¹² Reliability in this context refers On Time Performance.

One additional demand impact is recovery from COVID-19. For the majority of services, base year demand data is available for the year 2022/23, meaning demand is likely to have still been suppressed from the COVID-19 pandemic of 2020/21.

Patronage data from the DfT¹³, shown in Figure 10 below, illustrates how patronage in Cambridgeshire and Peterborough is still below pre-covid levels, and has been showing strong signs of recovery from 2022/23 onwards.

Figure 10 DfT historic passenger journeys

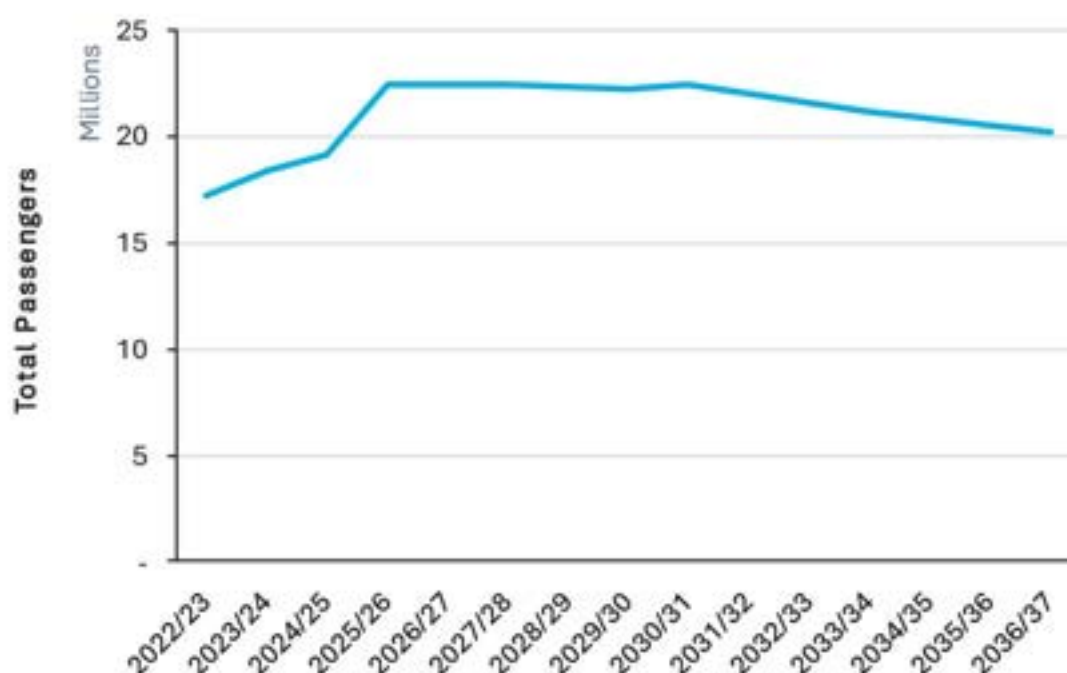


As of 2023/23, patronage had only recovered to 86% of pre-COVID levels, going on to reach 96% by 2024/25. In order to reflect this recovery within the affordability tool, we applied the rate of growth observed within the DfT data for 2022/23 to 2024/25 to the base patronage data received from operators. This overrides the other demand drivers within the model, so that the profile of patronage growth follows the trend of the observed data. Post 2024/25, the demand drivers are applied.

The projected demand for routes being included within franchising is presented in Figure 11 below.

¹³ [Bus statistics data tables - GOV.UK](https://www.gov.uk/government/statistics/bus-statistics-data-tables): Table BUS01e

Figure 11 Projected Network Demand



After the initial period of recovery post-COVID, bus patronage steadily declines over time, reflecting the historic national trend of declining patronage. This is driven largely by rising GDP per capita and falling car costs which cause a modal shift from bus to other methods of transport.

Revenue

Revenue for services is made up of ENCTS reimbursement, based on the number of concessionary passengers and ticket revenue from fare paying passengers.

Commercial services also include services receiving de minimis payments from the combined authority, which forms a part of the overall revenue of commercial services.

Table 57 illustrates the annual projection of commercial and supported revenue.

Table 57 Forecast revenue

	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35	FY36	FY37
Commercial Services												
Fare revenue	34.9	36.0	37.1	29.5	17.8	-	-	-	-	-	-	-
ENCTS reimbursement	7.8	8.0	8.2	6.7	3.6	-	-	-	-	-	-	-
De minimis payment	4.5	4.7	4.8	3.7	0.9	-	-	-	-	-	-	-
Total Revenue	47.1	48.6	50.2	39.9	22.3	-	-	-	-	-	-	-

Supported Services												
Fare revenue	2.1	2.3	2.5	11.2	24.0	43.5	44.1	44.6	45.2	45.8	46.6	47.1
ENCTS reimbursement	0.8	0.8	0.9	2.7	6.1	10.0	10.3	10.7	11.0	11.4	11.7	12.1
Total Revenue	2.9	3.1	3.4	13.9	30.1	53.5	54.4	55.2	56.2	57.1	58.3	59.2
Total Network Revenue	50.0	51.7	53.6	53.8	52.4	53.5	54.4	55.2	56.2	57.1	58.3	59.2

Cost

Operating cost is made up of the base cost, calculated from cost per mile multiplied by annual mileage, and BSOG funding. For supported services, a mark up of 7.5% has been applied to the operating cost to reflect operator margins on supported services.

BSOG is accounted for alongside the 'cost' model as it is calculated by DfT on a per operated mile basis in the same way as operating costs are within the model – as such it is clearer to consider it as a reduction here rather than an income source in the revenue calculation.

While the grant will be retained by CPCA for franchised services, the amount the CPCA will receive from DfT each year is expected to continue to be linked to mileage operated and considering it within this element of the model also ensures the loss of grant is taken into account when considering route reductions.

Table 58 illustrates the projected commercial and supported cost of the network, with costs rising over time driven by a fixed network mileage and a growing cost per mile.



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Consultation note: The financial forecasts contained within this Strategic Delivery Plan have been prepared using professional practices, procedures, data and assumptions available at the time of analysis. The modelling is intended to provide an indicative assessment of the potential financial implications of bus franchising under a range of scenarios and should not be regarded as a firm prediction of future outcomes. Actual outcomes may differ from those forecast and any material changes in information, market conditions, policy, funding availability or operational requirements may alter the validity of the results and conclusions presented. The financial forecasts should therefore be considered within the context of the evidence available at the time of preparation and as one input to future decision-making rather than a definitive statement of future financial performance.

Table 58 Forecast cost

	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35	FY36	FY37
Commercial Services												
Base Cost	47.1	48.7	50.2	37.3	18.4	-	-	-	-	-	-	-
BSOG	-4.2	-4.2	-4.3	-3.1	-1.5	-	-	-	-	-	-	-
Total Cost	42.9	44.4	45.9	34.2	16.9	-	-	-	-	-	-	-
Supported Services												
Base Cost	11.5	11.9	12.3	29.4	50.0	72.4	74.7	77.1	79.6	82.1	84.8	87.5
BSOG	-1.0	-1.0	-1.1	-2.5	-4.2	-6.0	-6.1	-6.2	-6.3	-6.4	-6.5	-6.6
Total Cost	10.5	10.9	11.2	26.9	45.8	66.4	68.7	71.0	73.3	75.8	78.3	80.9
Total Network Cost	53.4	55.3	57.2	61.1	62.6	66.4	68.7	71.0	73.3	75.8	78.3	80.9

Other Income

The tool also includes a series of assumptions regarding other sources of income to the bus network that is not directly related to the operation of services. These are made up of funding/income sources for the Combined Authority.

Other income to the CPCA has been provided to us by the Combined Authority in line with their Medium-Term Financial Plan (MTFP). It is made up of the following components:

Table 59 Other Income

Other Income	Description	Assumption
BSOG	Bus Service Operators Grant. A UK government subsidy supporting local bus services	Calculated based on projections of the pence per litre (km for EV), converted into a pence per mile figure, then multiplied by the mileage of each service. It is modelled as both an income and a cost to CPCA, and is then included as a reduction in operating costs for the individual services.
Transport Levy	Funding from local constituent councils to fund transport services.	£14.7m in 2026/27, growing 4% in 2027/28, then 2% per year thereafter.
Mayoral Precept	Funding from charge set by the Mayor included within council tax bills.	Calculated as £36 per council tax base, with the council tax base growing in line with the MTFP.
Local Authority Bus Grant	Revenue grant from the Department for Transport for local bus services.	Assumed to be £5.0M per year, remaining constant in nominal terms.
Expenditure from Revenue Reserves	Drawdown from CPCA revenue reserves.	Currently assumed to be £0 in every year.
Bus Franchising Capacity Fund	Grant awarded to CPCA from the Department for Transport for assessing and implementing bus franchising.	£500,000 in the year 2026/27 only. Currently balanced with an equal Other Cost, as the funding has not yet been assigned.
Contribution from Youth Trailblazer	Government funded scheme for 18-21 year olds access to education and employment.	£150,000 in 2026/27.

Other Cost

Similarly to other income, other costs are costs to the CPCA that are not directly linked to the operation of services.

Other Costs assumptions have largely been provided by the Combined Authority, and are made up of the following components:



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Table 60 Other Cost

Other Cost	Description	Assumption
BSOG	Bus Service Operators Grant. A UK government subsidy supporting local bus services	Balances with BSOG income.
ENCTS Reimbursement	Payments made to bus operators for passengers travelling using the English National Concessionary Travel Scheme (ENCTS)	£8.5M in 2025/26, assumed to grow in line with cost growth (CPI + 1.2%).
Busway Usage Costs	Access costs for the Cambridgeshire Guided Busway	Assumption taken from the OBC. £212,108 in 2023/24, growing in line with CPI inflation.
Professional Fees	Legal and technical advisors associated with franchising	£430,166 in 2025/26.
Procurement Costs	Procurement costs	Assumed to be circa £160k per year for 2027/28 and 2028/29.
System Costs	Cost of running systems associated with franchising.	Assumed to be £520k in 2026/27, rising to £550k in 2029/30, then growing in line with CPI inflation thereafter.
CPCA Ops Team	Staff costs for operations of the network.	Estimations provided by the CPCA, ranging from £967k in 2025/26 to £1.2M in 2035/36.
Loan Repayments	Repayments from capital borrowing.	Assumed 5.44% interest from the PWLB, with a 240 month repayment period.
Contribution to revenue reserves	Money saved in reserve.	Set to maintain a reserve equal to 10% of the operating cost of the network, contributing annual to maintain that threshold as costs grow over time.
De minimis payments	Payments to bus operators	Cost included to balance the revenue included within the operation of services. Based on information on contract cost of supported services as provided by CPCA.
Bus Franchising Capacity Fund	Grant awarded to CPCA from the Department for Transport for assessing and implementing bus franchising.	Included as a cost to balance the revenue line, representing that this is unallocated funding.
Tiger Pass Subsidy	Concessionary bus travel scheme for under 25s.	Cost of circa £4.2M per year from 2025/26 to 2029/30. It is currently assumed to end after 2029/30 as no commitment to the spending has currently been made.
Your Bus Journey Survey	Local Authority Bus Grant is conditional on completion of this survey.	Cost of £67k for 2026/27, rising to £74k in 2029/30, then increasing at £2k per year thereafter.
Support Payments	Support payments to services not included within the list of franchised services.	Assumed the contract cost of these services for 2025/26 increases in line with cost growth (CPI + 1.2%).

Financial Position Summary

The tool models the expected demand, revenue and cost of the bus network, in conjunction with the expected other income and cost to CPCA to illustrate the short-term financial implications of franchising.

Table 61 presents the financial outcomes, with the figures built up in the following way:

- **Supported Revenue:** Fare revenue and concessionary reimbursement from supported bus services. Note that franchised services are classified as supported.
- **Supported Cost:** Base operating cost of services less the Bus Service Operators Grant, with an assumed operator mark up on cost of 7.5%.
- **Net Cost of Services:** Supported revenue minus supported cost.
- **Other Income:** CPCA funding, such as the Transport Levy, Mayoral precept funding and the Local Authority Bus Grant.
- **Other Cost:** CPCA costs, such as concessionary reimbursement to operators, Tiger pass costs and CPCA operations team costs.
- **Funding Available:** Other income minus other cost.
- **Surplus/Deficit:** Funding available minus net cost of services.
- **Cumulative Surplus/Deficit:** Sum of all prior years' surplus or deficit.

Based on the assumptions discussed above, the following year on year profile is forecast.

Table 61 Annual Financial Position of Recommended Option (£ Millions, Nominal prices)

	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35	FY36	FY37
Net Cost of Services	-7.6	-7.7	-7.9	-13.0	-15.7	-13.0	-14.3	-15.7	-17.2	-18.6	-20.0	-21.7
Funding Available	7.6	7.9	6.8	6.2	10.1	11.3	12.1	12.7	13.3	13.9	14.4	14.7
Annual Surplus/Deficit	0.0	0.1	-1.0	-6.8	-5.6	-1.6	-2.2	-3.0	-3.9	-4.8	-5.6	-7.0
Cumulative Surplus/Deficit	0.0	0.1	-0.9	-7.7	-13.3	-15.0	-17.1	-20.2	-24.1	-28.9	-34.5	-41.4

Table 61 illustrates how, over the period of 2025/26 to 2036/37, there is a total forecast funding gap of £41.4 million. The profile of this funding gap varies from year to year, starting near break-even pre-franchising, then moving to a substantial deficit in 2028/29 due to both the lower performing commercial services being franchised (increasing net



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cost on operations from £7.9m to £13.0m) and loan payments on capital investments peaking in the early years (hitting £3.9m in 2028/29).

This deficit improves in 2030/31 driven by the most profitable commercial routes in the East being franchised (decreasing net cost on operations by £2.7m) along with borrowing costs dropping by c.£0.5m each year as capital bus grants are used to pay off early years borrowing.

The deficit then grows from 2031/32 onward due to operating costs rising at a greater rate than revenue growth, driven by falling patronage across the network.

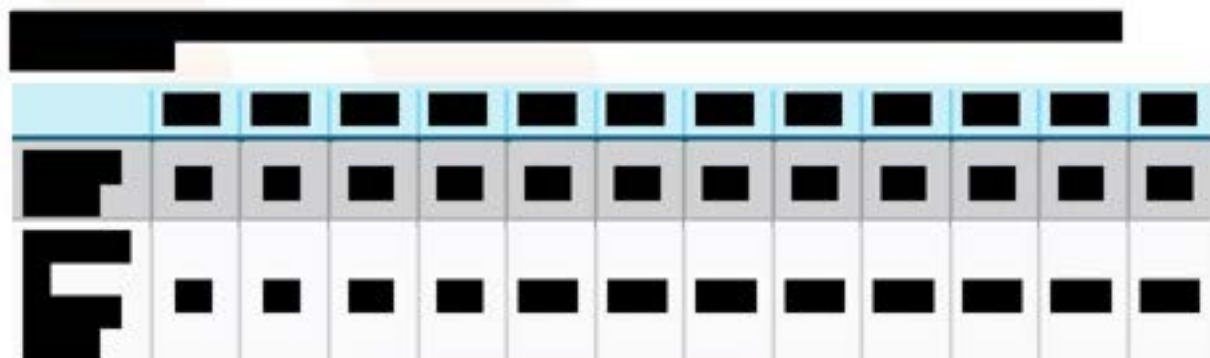
The forecast £41.4m deficit demonstrates that the current combination of funding, services and subsidies is not a sustainable position in both the medium and long term. Spreading the total deficit over the 10-year modelling horizon suggests that income or savings of c£4.1m p.a. need to be identified to achieve an affordable 10-year position. If this is delayed until 2028/39, when the deficit becomes significant, this figure would rise to c. £4.6m.

This deficit is primarily driven by the underlying cost of the network and continuation of existing subsidies and concession schemes such as the Tiger Pass, rather than an effect of franchising the network.

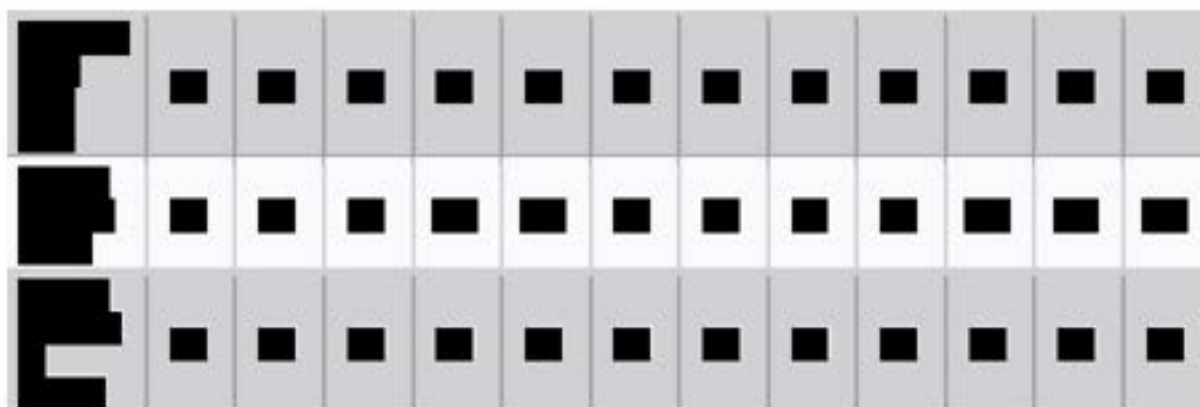
The forecast funding gap could be addressed in a variety of ways, through additional funding, changes to the scope of the network, service rationalisation or cost reductions. Targeted improvement initiatives such as bus priority measures or increased service frequency could also help generate additional demand and revenue, although these would involve additional costs.



This demonstrates the impact of local decision-making relating to ticket pricing and subsidies on affordability and would be relevant whether the network is franchised or deregulated.



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Some numbers do not reconcile due to rounding

Fare levels represent another potential lever within the Authority's control. The modelling assumes a baseline level of annual fare increases allowing for inflation; however, there is scope to consider higher fare interventions to increase revenue, recognising the trade-off with demand through fare elasticity. While fare increases may generate additional income, they would need to be carefully calibrated as not to reduce demand that would offset any revenue increases.

The tool also provides an indicative view of the level of service that could be delivered within the existing funding envelope. The chart below shows the annual network mileage that could be run given the funding position summarised in Table 61, highlighting the impact of the funding gap on service provision. Note that any reduction in mileage is from services being removed from the network and does not contain efficiencies from mileage reductions on services. This is an upside to the outcomes presented in this report, as in reality there may be service 'trimming' rather than cutting that reduces the cost burden of the network.

Figure 12 Annual Network Mileage

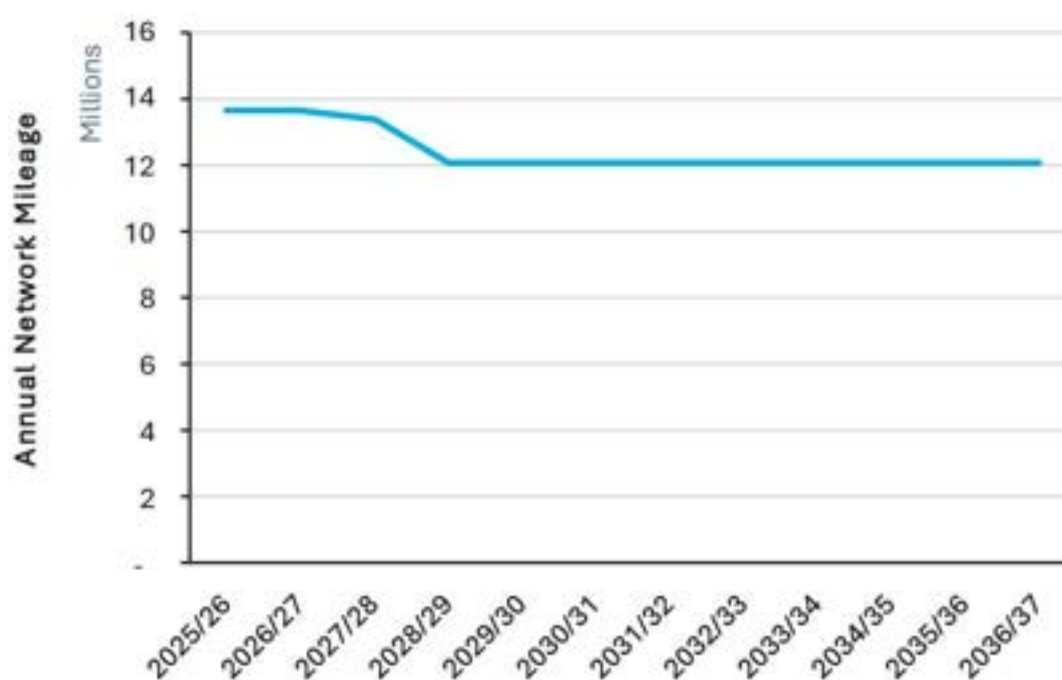


Figure 12 illustrates what a roughly 11.5% reduction in network mileage from service rationalisation is in comparison to total network miles.

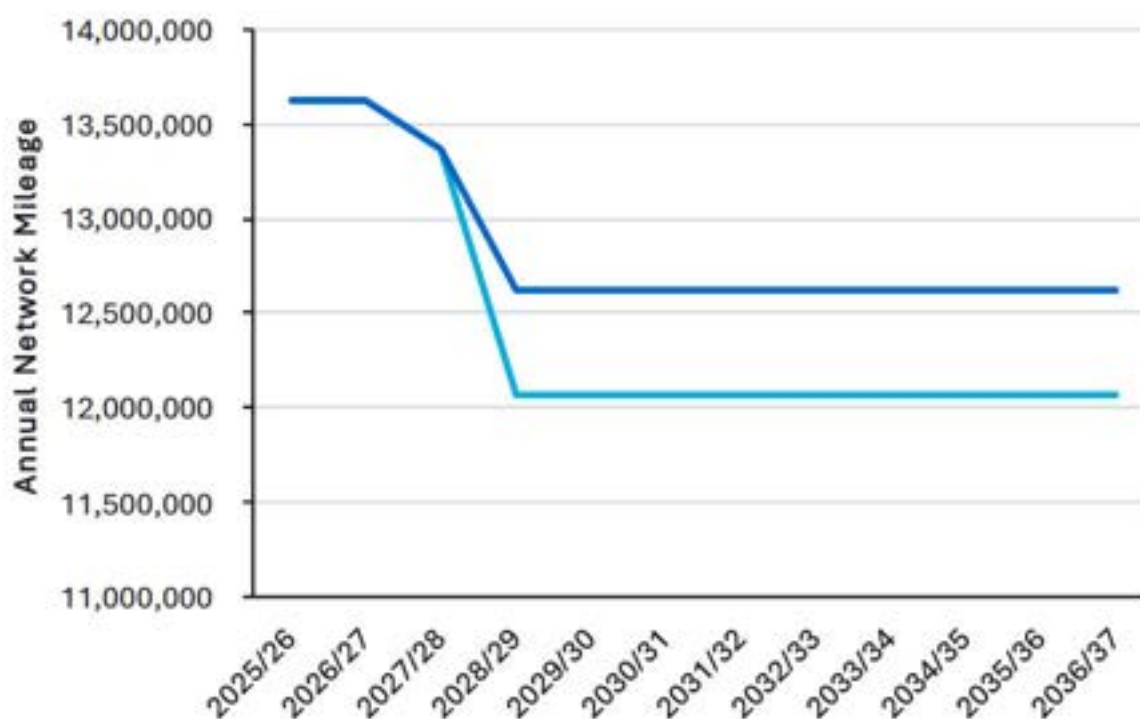
Funding Sensitivity Test

To illustrate the importance of the 2028/29 to 2029/30 period, we conducted a sensitivity test adding in £2.0m of additional funding (or reduced cost) in these two years, when the first funding gap appears and service rationalisation begins.

The additional funding reduces the required rationalisation in 2028/29 and 2029/30. From 2030/31 onwards no subsequent rationalisation is required as the annual deficit reduces to the point where the funding freed up from services rationalised in 2028/29 and 2029/30 is enough to cover the deficit.

Figure 13 shows the impact this has on the annual network mileage, reducing the rationalised mileage from 11.5% to 7.4%. This illustrates the importance of this transitional period towards franchising, and how marginal changes in these years can impact the affordable network.

Figure 13 Additional Funding Sensitivity Test



Operating Cost Sensitivity Test

The magnitude of the funding gap, and by extension the required service rationalisation, is sensitive to the contract cost of services received from the franchise bids. The relative cost effectiveness of the franchise bids depends both on the construction of the packages and organisation of the franchising schedule, as well as the strategic decisions of bus operators. Because of this, we model a range of potential global outcomes across the franchised network, defined as follows:

- **Outcome 1 (Central Outcome)** – Contract costs are similar to the pre-franchising position, with variability by franchise area and tier depending on the level of competition that is achieved.
- **Outcome 2** – Contract costs still vary by franchise area and tier depending on the level of competition achieved, however contract cost is higher than the pre-franchising position.
- **Outcome 3** – An outcome in which the difference between the local cost per mile of the CPCA area and the national average is eroded, leading costs to reach levels consistent with the DfT cost per mile estimations for England Non-Metropolitan areas.

The cost uplifts assumed under the 3 outcomes are as follows:



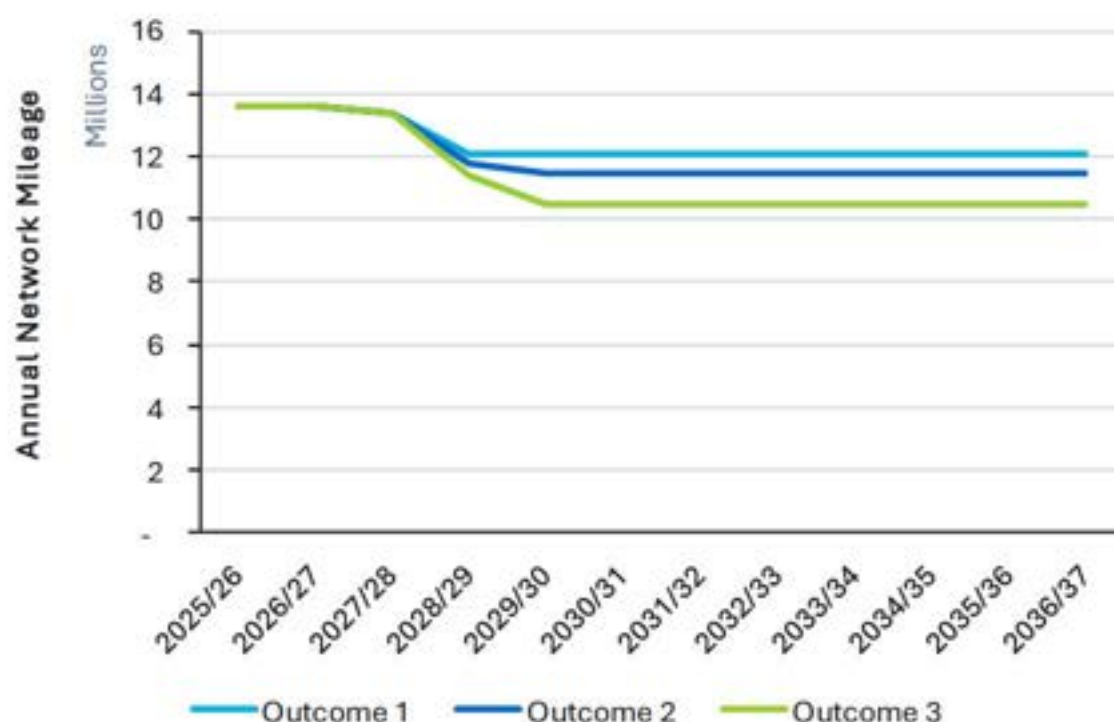
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Table 63 Cost Impacts by Outcome

Change in operating costs	East Area Tier A	North West Area Tier A	Central Area Tier A	Tier B (All Areas)
Outcome 1	+2.5%	+0%	+7.5%	+2.5%
Outcome 2	+12.5%	+10%	+17.5%	+12.5%
Outcome 3	+25%	+25%	+25%	+25%

The impact of these outcome scenarios is presented in Figure 14 below. These outcomes represent a 11.5%, 15.8% and 23.4% reduction in network mileage by 2036/37.

Figure 14 Range of Outcomes for Annual Network Mileage



Peterborough Fleet Options Assessment

To test the impact of the CPCA purchasing the electric fleet for Peterborough, against two options. Option 1 where the operator provides a new electric fleet and Option 2 where the operator provides a used diesel fleet. The premise is to compare the value of the capital cost investment in the recommended option against situations where the CPCA is not owning the fleet at Peterborough depot. In both Option 1 and Option 2 other recommendations for the Busway and Cambridge Tier A contract on depots and fleet remain the same as the recommended option. A summary of the assumptions is provided in Table 64.

Table 64 Affordability Impacts of Franchising Options

Assumption	Recommended Option	Option 1	Option 2
Description	CPCA owned new electric fleet for Peterborough depot. Incurs loan repayments on the fleet purchase value. Competitive offer of CPCA provided depot and fleet gives no increase in contract cost relative to pre-franchising. Lower operating costs from CPCA fleet ownership. Operating cost savings from electric operation (90% of diesel operating costs)	Operator provides a new electric fleet for Peterborough depot. Cost of borrowing for fleet purchase higher for private entities and is passed onto CPCA with a mark up. Increased cost from lower competitiveness of offer. Operating cost savings from electric operation (90% of diesel operating costs)	Operator provides a used diesel fleet for Peterborough depot. No cost of fleet purchase as it presumed would likely bid with diesel fleet from their existing pool of vehicles. No operating cost savings from electric vehicles.
Fleet purchase cost	£27.0M	-	-
Cost impact of Cambridge and Peterborough depot ownership	-1%	-1%	-1%
Cost impact of Peterborough depot competition	+0%	+2.5%	+2.5%
Cost impact of Peterborough depot fleet ownership	-2%	+15%	-
Peterborough depot electrification date	2029/30	2029/30	-

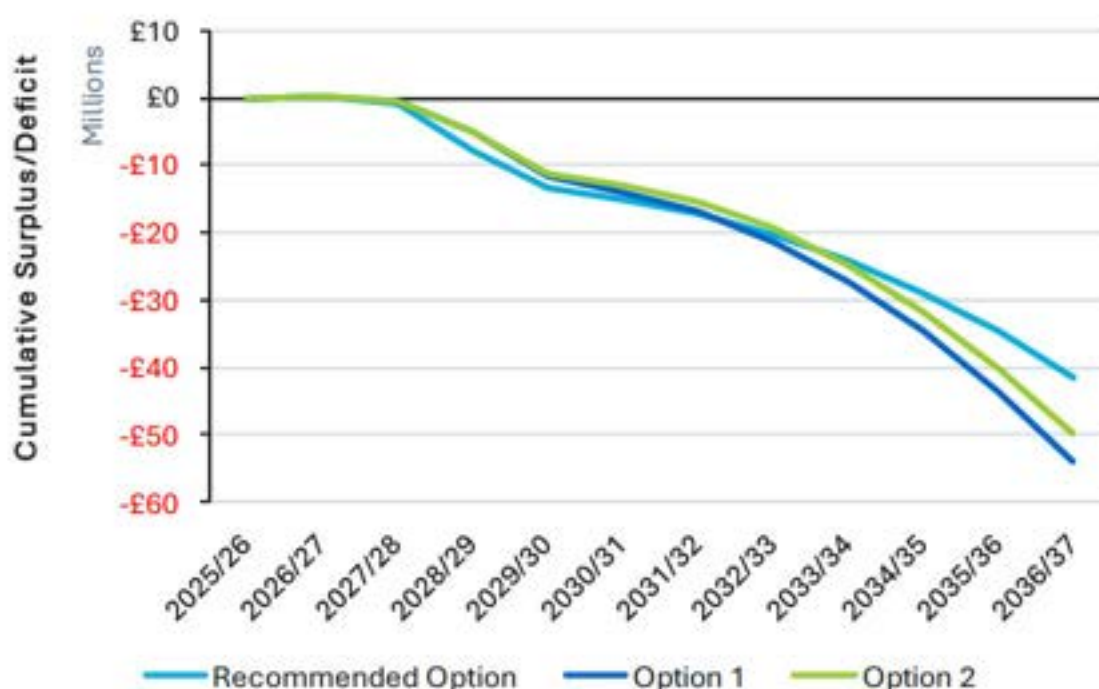
Figure 15 illustrates the financial implications of the three scenarios on the estimated cumulative surplus and deficit to the CPCA. This shows that while the recommended option is initially more costly from 2027/28 to 2030/31 because of higher borrowing costs from the initial fleet purchase, lower operating costs benefit the longer-term financial position. Both option 1 and 2 result in a £12.6m and £8.4m larger funding gap respectively by 2036/37, with the cumulative deficit dropping faster than in the recommended option. The recommended option provides an overall better longer term financial position, however, it may require steps to cover the larger short-term shortfall in funding between 2027/28 to 2030/31.



This behaviour is heavily influenced by the assumed continuation of the LA capital bus grant and the CPCA ringfencing this to pay off loans taken out in the early years to finance depot, fleet, and network upgrades.

With these grants the financial case for significant 'invest to save' proposals like electrification and fleet ownership become very attractive, however there is an opportunity cost as the grants could otherwise be used to provide improved user experience in other ways e.g. bus stop infrastructure upgrades or further improve network pinch-points to enhance reliability on the network.

Figure 15 Cumulative Surplus/Deficit Options Assessment



The shape of the cumulative position curves in the above figure is driven by annual deficits post 2029/30 improving as the more profitable areas are franchised, and loan repayments decrease. This annual deficit worsens over time, taking more and more out of the cumulative position each year, causing the curves to become steeper. This is being driven by falling bus patronage, which results in revenues growing at a slower rate than costs, worsening the financial position of the network over time. This is based on the historic trend of patronage falling over time and is inherent to the network.

Reducing the Funding Requirement

There are a range of steps that could be taken to address the forecast funding deficit of the network; these steps are applicable across the range of options and outcomes that the tool presents.

One option would be to delay the capital expenditure for network improvements until the network is franchised. The current £10.0M planned expenditure takes place over 2026/27 to 2028/29. Delaying the capital expenditure until after 2028/29 would reduce

the loan repayments, pushing them later on when the deficit is less significant and so balancing the position while covering loan repayment costs requires fewer other savings. This does also delay the benefit of reliability improvements, however these are longer term impacts, so in the short-term do not materially impact the funding requirement of the network.

[REDACTED]

A third option would be to increase the average fare of the network. While this may disadvantage passengers who are required to pay a higher fare, it may benefit them if it avoids service rationalisation. Any increases in fare would need to be balanced with the negative impact on passenger demand.



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A horizontal bar chart with two groups of five bars each. The top group has bars of varying lengths, and the bottom group has bars of varying lengths. All bars are black.

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Case No.	Case Name	Case Type	Case Status	Case Category	Case Sub-Category	Case Description
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5	Case 5	Case 5	Case 5	Case 5	Case 5	Case 5
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[REDACTED]

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№	Наименование	Единица измерения	Количество	Стоимость, руб.	Срок, мес.	Срок, лет
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5	Автомобиль	шт.	1	1000000	12	10
6	Автомобиль	шт.	1	1000000	12	10
7	Автомобиль	шт.	1	1000000	12	10
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14	Автомобиль	шт.	1	1000000	12	10
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19	Автомобиль	шт.	1	1000000	12	10
20	Автомобиль	шт.	1	1000000	12	10



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Item	Category	Value	Item	Category	Value	Item
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Item 190	Category A	325	Item 189	Category B	335	Item 190

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№	Наименование	Ед. изм.	Средств	Средств	Средств	Средств	Средств
1	Автомобиль	шт.	1	1	1	1	1
2	Автомобиль	шт.	1	1	1	1	1
3	Автомобиль	шт.	1	1	1	1	1
4	Автомобиль	шт.	1	1	1	1	1
5	Автомобиль	шт.	1	1	1	1	1
6	Автомобиль	шт.	1	1	1	1	1
7	Автомобиль	шт.	1	1	1	1	1
8	Автомобиль	шт.	1	1	1	1	1
9	Автомобиль	шт.	1	1	1	1	1
10	Автомобиль	шт.	1	1	1	1	1
11	Автомобиль	шт.	1	1	1	1	1
12	Автомобиль	шт.	1	1	1	1	1
13	Автомобиль	шт.	1	1	1	1	1
14	Автомобиль	шт.	1	1	1	1	1
15	Автомобиль	шт.	1	1	1	1	1
16	Автомобиль	шт.	1	1	1	1	1
17	Автомобиль	шт.	1	1	1	1	1
18	Автомобиль	шт.	1	1	1	1	1
19	Автомобиль	шт.	1	1	1	1	1
20	Автомобиль	шт.	1	1	1	1	1

1	2	3	4	5	6	7	8
1	2	3	4	5	6	7	8
1	2	3	4	5	6	7	8
1	2	3	4	5	6	7	8
1	2	3	4	5	6	7	8
1	2	3	4	5	6	7	8
1	2	3	4	5	6	7	8
1	2	3	4	5	6	7	8
1	2	3	4	5	6	7	8
1	2	3	4	5	6	7	8
1	2	3	4	5	6	7	8

1



steer