

Get on board

Why Mayors should choose bus franchising

Dan Harvey
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Executive summary

Efficient, well-run bus services will be an essential component of every city reshaping itself in response to the coronavirus pandemic. Reliable, turn-up-and-go services will link workers to job opportunities and allow people of all ages to access education and local services such as GPs. Low-emission, modern vehicles will be comfortable to travel on and tickets will be affordable, easy to buy and will work with other public transport modes.

To achieve this there needs to be change. Deregulation of local bus services outside London in 1986 changed the focus from providing city-wide networks to running only services that could turn a profit. Today many key decisions about bus provision are taken by private operators and elected officials outside London have few powers to co-ordinate or make the changes that have worked so well in the capital.

The Government recognises this. The Prime Minister – a self-declared ‘bus fanatic’ – has witnessed first-hand during his eight years as London Mayor how successful a regulated bus network can be. Whether ministers are extolling the importance of ‘levelling up’ or ‘building back better’ it is clear that buses are viewed in Westminster as a key part of the post-Covid recovery plan. But their potential can only be realised if control of services transfers to mayors as happened in London two decades ago.

Forward thinking city regions have wrestled with this issue of control for years but the Government is now clear: it wants mayors to act. The National Bus Strategy for England, published in March 2021, says that all local transport authorities and mayoral combined authorities must commit, this summer, to establishing London-style bus franchising or enhanced partnerships. The strategy says these must be in place by April 2022 or in progress (for franchising) and, if not, bus grants and subsidies from central government – which have become increasingly vital during the pandemic – will be withdrawn.

Notwithstanding that they have had these powers since 2017, metro mayors now face a choice. Taking local control of bus networks promises to benefit all those who live and work in their city region. With government support forthcoming and the necessary legislation in place, this is an opportunity for mayors to make a difference for all to see.

The Government’s ambitious timetable for change also means they must do this now in order to avoid their area suffering a financial hit.

Instead of franchising, mayors can opt for an enhanced partnership. While a partnership approach might seem the easiest option, meaningful controls over city bus networks can only be achieved through franchising as this report sets out. And the pandemic has served only to reinforce the public benefit case for a better system. Passenger numbers have fallen still further while car use has increased so it is in the public interest to reverse this decline. London has proved this model works; Greater Manchester will be next to implement it and mayors of other city regions too should now start the process to franchise bus services.

Box 1: Government timetable for change

30 June 2021	All local transport authorities, except Mayoral Combined Authorities that have started the statutory process of franchising bus services, to commit to establishing enhanced partnerships across their entire areas. Local transport authorities that also wish to pursue franchising may do so – but they should commit to implementing enhanced partnerships in the meantime until the franchising process is complete.
From 1 July 2021	Only local transport authorities and operators that meet these requirements will continue to receive the Covid-19 Bus Services Support Grant or any new sources of funding from the Government’s £3 billion bus budget.
31 October 2021	All local transport authorities to publish a local Bus Service Improvement Plan detailing how they propose to use their new powers to improve services.
April 2022	Enhanced partnerships to be in place. New discretionary forms of bus funding from government will only be available to services operated, or measures taken, under an enhanced partnership or where a franchising scheme is in prospect.

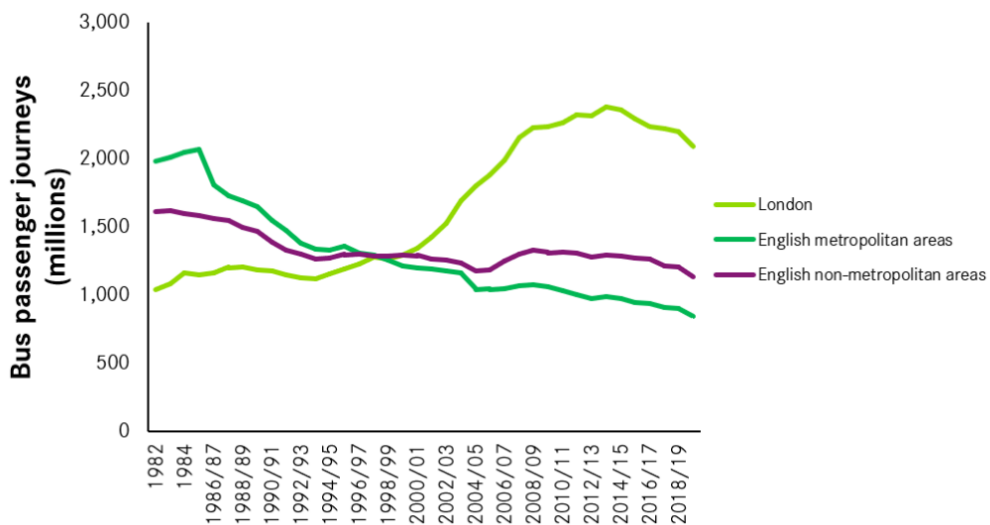
Source: National Bus Strategy, March 2021

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Introduction

The case for bus franchising elsewhere starts with London. London’s bus system works. Since 2000 the Mayor of London has decided which routes to run and how frequent buses should be. As Figure 1 shows, passenger journeys have consistently outstripped those made in other English cities since.

Figure 1: Bus passenger journeys on local bus services (millions)



Source: Department for Transport, BUS0103

In the capital, bus operators bid for routes which they run to meet service quality targets; in return they are paid a fee. The Mayor’s transport agency oversees consistent branding, maps and online services. Ticketing is integrated with other forms of public transport and fares can be paid using contactless cards or mobile phones. This payment system, one of the most sophisticated in the world, had been in place for more than a decade.

Today London's bus network is regularly held up as an example of how a metropolitan bus system should work. Its operation has largely transcended politics; while the best type of bus to run has sparked discussion, the principle of a regulated, franchised system ultimately specified by the mayor has been accepted by Labour and Conservatives. No serious politician is arguing that this system should be changed.

The model in other English cities is different. Since deregulation bus operators have been free to run services on those routes they predict will generate a return. Local authorities commission and pay for additional routes which are deemed important for the community but which are unlikely to be commercially viable. Integrated ticketing is widely recognised as a prerequisite for successful public transport but, even in those cities where it is available, tickets are not accepted by all operators or all public transport modes.

There have been success stories. Partnerships between operators and local authorities have sometimes delivered. And yet the statistics tell a story of decline; since deregulation in 1986 bus use outside London has fallen significantly. More people use buses in London than other cities. Local transport chiefs have become frustrated at short-notice service changes imposed by bus operators and having to scramble to find funds to maintain lifeline services. In most cities there is a feeling – voiced by both transport chiefs and passengers – that bus services could be better than they are.

One thing that is consistent between London and other English cities is expectations. Londoners expect a comprehensive, reliable bus network and look to the mayor to deliver. The mayor, in turn, has the power to organise services to meet these expectations.

Across the country as we recover and respond to the challenges imposed by the pandemic, and the demand for buses settles down, the fundamental passenger expectations of reliable, frequent, safe, convenient services will remain. But in addition, mayors are now expected to make use of buses as a tool for driving the post-Covid economic recovery, as well as to cut local emissions.

More than ever before mayors need to be able to control the bus services in their city. This report explains why and sets out how they can achieve this.

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Why we need better bus services

Buses are the most used public transport mode in Britain. They provide an essential service in towns and cities and make transport accessible to everyone – young and old – for work, education, health, leisure, shopping and so much more. Even those who don't use buses recognise their value. Motorists, for example, know that without buses there would be more cars competing for road space.

But, while buses provided a valuable service before the pandemic, passenger numbers were in decline outside London – and this has been hastened by the necessary restrictions put in place to protect the public as people have stayed at home or used the car. As we seek to 'build back better' the aim must be to reverse that trend, growing passenger numbers once again, so that bus services and the cities they serve can play the fullest role possible in the economic recovery post-Covid.

Grow the economy

Buses are critical for Britain to bounce back from Covid; to rewire the economy while accommodating changes to where we work, where we shop and how we use technology.

Achieving an economic recovery will involve investing in new skills. Young people – many of whom will not have access to a car – will need to be able to access training at colleges, universities and other sites. Older people too will need to travel to acquire new skillsets, with the Government promising funding that will allow retraining at any age.

Economic growth will also depend on matching jobs with those who can do them. Some jobs will remain in city centres but others will be at business parks and technology campuses remote from most homes. Buses will be essential to allow jobseekers to access opportunities. Nearly 9 per cent of all trips by those on lower incomes are by local bus, compared to 3 per cent for those on the highest incomes.¹

After Covid, home-working may be more common but workers will still need to travel and buses must be available when they do. Traditional travel flows will also change – store

closures mean city centre space will switch from retail to residential so we can expect more reverse commuting.

Support new homes

Demand for new homes in Britain continues to outstrip supply despite major developments in towns and cities. With the pace of home building likely to accelerate following reforms to planning laws there is a risk that residents of these new homes will need a car in order to access work, education and local services. To minimise additional traffic and avoid social isolation, public transport systems need to be flexible so that they can be extended to serve new developments and adapted to changing demand.

Bus services also provide a way to unlock redevelopment of land while permitting high-density housing that minimises urban sprawl. In London, the existence of high frequency bus services has allowed parking requirements to be reduced.

Cut carbon emissions

The UN Climate Change Conference in Glasgow in November is a reminder of the urgency of cutting emissions to avoid irreversible climate change. Meanwhile, some 40,000 deaths a year are attributable to poor air quality in the UK.² Whether you are a minister wanting to set the global agenda or a parent wanting your children to play in a park without inhaling traffic fumes, reducing emissions from transport is key. Investing in electric and hydrogen buses is a fast way to deliver a zero-emission transport offer but to maximise such investment mayors need to be able to decide how best to deploy these new vehicles.

Maximise street space

In cities space is at a premium and ambitions to improve the public realm have to be balanced with the need to keep transport corridors clear. While the replacement of petrol- and diesel-engined cars with electric vehicles promises a welcome reduction in emissions it will not resolve the issues of traffic congestion which affect productivity. Every car kilometre driven in the UK creates on average 17p of societal harm, mostly through congestion.³ Up to 90 passengers who might otherwise require over 80 cars to travel can be carried on a single double-decker bus in the road space of fewer than three cars.

Travel restrictions during Covid lockdowns have encouraged many people to walk or cycle more and have led to a variety of pop-up walkways and cycle lanes. Many people would like to see this trend continue with wider pavements and bike lanes made permanent but often this is only possible by reducing space for motor traffic. Again, the solution is more efficient use of road space; good bus services can reduce traffic and free up space for other use without penalising drivers.

Levelling up

What can be done to increase the prosperity of cities and large towns in the North and Midlands? Giving leaders the powers and resources to control their own city's bus services – just like their counterpart in London – would be a start. Without bus franchising mayors in Yorkshire, Merseyside and elsewhere cannot specify services to run where most needed to spur regeneration and recovery.

With the arguments for better bus services so strong there is also a feeling, expressed by many elected officials including mayors, that more people would use buses if only services were better tailored to meet their needs.

The statistics bear this out. While bus passenger journeys in London have increased significantly since 2000, when the mayor was given control, journeys in other metropolitan areas have consistently declined and have halved since deregulation.

Why has London bus use bucked the trend seen in other English cities? Because the capital's mayors have used their control of the capital's bus network and the revenues it raises to entrench the most significant pro-bus policies in the country. More funding, more bus lanes and a congestion charge have supported more frequent and reliable buses, a 24-hour service, lower fares and more concessionary fares, cleaner vehicles and a new payment system.

Now every metro mayor needs to do for buses in their area what London's mayors have done for buses in the capital.

Box 2: History of bus regulation in the UK

Pre-1985 – Under the Road Traffic Act 1930, bus services were licensed by regional commissioners who set the quality standards for vehicles and drivers and regulated routes, frequencies and fares. These licences provided local monopolies to predominantly local and publicly-owned operators in major cities that used cross-subsidy to support an extensive and affordable network. From the 1950s, local authorities increased funding to municipal operators to keep fares low and maintain service levels in the face of rising car ownership and use.⁴

Transport Act 1985 – Bus services outside London were deregulated in 1986 to open markets up to competition from any private operator meeting minimum safety standards. They had only to register that they would provide a service rather than hold the licence to do so. Local authorities were no longer allowed to subsidise fares. National government privatised its national and local bus operations and local authorities were able to sell off municipal bus companies. Locally, authorities could only fund concessionary fares and tender for services that private operators did not provide. Around the same time, London was required to move to a locally-run franchising system.

Transport Act 2000 – Cities and local bus operators were now able to form voluntary and statutory Quality Partnership Schemes to increase co-ordination to improve local bus services and increase patronage. Improvements to bus station facilities, or bus lanes or marketing are provided by cities in exchange for new buses or higher driver standards delivered by operators. Quality Contract Schemes that enabled franchising were included in the Act but legal barriers for cities to introduce them proved to be too high.

Bus Services Act 2017 – The government responded to representations by city transport leaders and franchising powers were made easier to access for metro mayors in England. Enhanced partnership schemes that go further than Quality Partnership schemes were made available to all cities.

National Bus Strategy for England 2021 – No new regulations but government gives mayoral combined authorities an ultimatum to commit to establishing enhanced partnership schemes unless they have started the statutory process of franchising bus services by the summer. Those that aspire to franchising must show progress – judged sufficient by the Government – or commit to implementing enhanced partnerships in the meantime until the franchising process is complete if they are to retain funding and gain access to new streams. Franchising will also be open to smaller local transport authorities subject to approval from the Department for Transport.

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Powers today and who's using them

The Government introduced the Bus Services Act 2017 in response to years of petitioning about the challenges that deregulation posed to improving bus services. As well as provisions on data and a tweak of Quality Partnerships into Advanced Quality Partnerships, the Act offers two new tools for places to improve services:

Enhanced partnership schemes (EPSs). Places can develop an EPS – a non-compulsory agreement between willing operators and local transport authorities. It extends what Quality Partnerships can cover (e.g. the colour of buses, frequencies on certain routes, multi-operator ticket pricing) and gives more flexibility on what counts as a contribution from local areas (e.g. car parking charges and enforcement). If bus operators running 75 per cent of local bus services support an EPS, the scheme is compulsory for other bus operators. Authorities also become the traffic commissioner, responsible for the registration of bus services.

Franchising. Franchising, sometimes referred to as local control, gives metro mayors similar powers to the Mayor of London over buses. On-the-road competition ends. Mayors specify the bus service in their area – the routes, fares, frequencies and quality of bus services. This is based on data from operators on ridership and profitability of the existing network. Operators bid to run services in return for a fixed fee paid by the mayor. Fares are set and collected by the mayor. The Bus Service Operators Grant is devolved to mayors. Authorities without mayors can ask the Government for these powers, but mayors do not have to.

Box 3: How mayors are using BSA powers

Mayoral Combined Authority	Existing arrangements	Current plans
Greater Manchester		Mayor approved plans for franchising in March 2021 with phased introduction between 2023 and 2025. Since then implementation target brought forward to 2024.
Liverpool City Region	Bus Alliance	Combined Authority identified bus franchising as 'leading option' in February 2020.
Cambridgeshire and Peterborough		A new mayor was elected in May 2021. Outline business case prepared under previous Mayor.
West of England	Voluntary Partnership	New mayor elected in May 2021. An EPS was under consideration in January 2021.
West Midlands	Bus Alliance	EPS plan published in October 2020.
Tees Valley		Combined Authority is committed to pursuing new partnership arrangements, while monitoring the development of franchising elsewhere.
Sheffield City Region	Voluntary Partnership	Mayor to pursue EPS while continuing to 'explore' franchising.
North of Tyne		Mayoral authority has no automatic franchising powers
West Yorkshire Combined Authority		New mayor has indicated she intends to start the franchising process alongside giving notice for an EPS.

Greater Manchester is poised to become the first city region outside London to operate a fully franchised and locally accountable bus network. This has not happened overnight; according to the devolution agreement signed in 2014 ‘...the Government stands ready to support legislation if Greater Manchester conclude, following consultation they will take forward, that they wish to move to a franchised model of bus service delivery’⁵.

Discussions between the city and central government led to the 2017 Act and then in 2019 a major consultation asked people in the city if they would back the introduction of a franchising system. Following further consultation, in March 2021 Mayor Andy Burnham announced that bus franchising would go ahead with a phased introduction between 2023 and 2025. Following re-election in May, the mayor said he had begun talks with government to complete the roll-out a year early in 2024.

In other cities, there has been a hesitancy to commit to franchising. Taking control of buses presents plenty of challenges including the time and cost of drawing up and consulting on an appropriate scheme. Bus operators may resist changes that could reduce their power and profit margins and mayors must be prepared to square up to legal challenges. The path to franchising has proved difficult – Tyne and Wear’s efforts to introduce a Quality Contract scheme were thwarted in 2015 (although this franchising bid was prepared before the Bus Services Act became law).

For many mayors the biggest block to franchising bus services will be fears of the cost. Transforming the finances of a metropolitan bus network has a price tag – Greater Manchester Combined Authority has calculated that it will cost £134.5m to bring the region’s buses under mayoral control. How will it pay for this? The funding package consists of £78m of earn-back funding provided by central government as part of the devolution deal; £11m already raised by the existing mayoral precept to date; £17.8m of one-off contributions raised by local authorities; and £22.7m of mayoral precept from future years’ budgets.

Bus operators will argue that improvements for passengers can be achieved by partnership working at a fraction of the cost. But GMCA says that before Covid-19 the public sector already invested millions in Greater Manchester’s bus network – from £250m in infrastructure such as bus priority measures, stations and interchange since 2014 to £86.2m every year in subsidised services and concessionary fares. In addition, devolved funding provided operators with £16m every year in fuel duty rebates. The pandemic has served to increase the amounts of public money now supporting bus services.

The cost of franchising therefore needs to be set against the cost of *not* franchising. Although the 2017 Act has made it easier than at any time since deregulation to introduce franchising the reluctance to commit to such a wholesale change is understandable. However, the 2021 National Bus Strategy for England has changed the landscape significantly by removing one option – that of maintaining the status quo. Doing nothing now risks losing government support, investment and subsidy. Going forward, mayors have a straight choice between an EPS or franchising.

04

Franchising gives mayors control of buses

Only franchising offers the levers for mayors to address the challenges set out in section three. With franchising mayors can increase the efficiency of every pound spent on transport and increase modal share by making buses a more compelling choice. Only franchising allows mayors to specify services, co-ordinate networks and use buses as a tool to support economic prosperity.

EPSs are an evolution of an imperfect arrangement that forces transport planners to work around bus operators. This makes it impossible to have a single guiding mind while operators will inevitably deliver services that maximise returns for shareholders – not necessarily what is best for a city. An EPS is a stop-gap solution; it is a fudge which stops mayors from delivering the quality bus networks their electorate rightly expect.

The tables below set out the differences between franchising and EPSs in relation to key mayoral aspirations for bus services.

A) City-wide 24/7 services as part of an integrated transport system

Can mayors set the routes, frequencies and running hours of a stable bus network?

EPS: No

Franchising: Yes

Franchising lets mayors set the route frequencies and running hours of the bus network to provide a more equitable and efficient network. Under an EPS, any incumbent operator running 25 per cent of regular service miles in the city can block a mayor's plans for its bus network or limit them. An EPS can only move 'at the speed of the slowest' large operator in its area. Agreements to control frequency to reduce 'overbussing' on busy routes in an EPS cannot stop new operators from adding services. In these circumstances, to control frequencies so that competition does not reduce the efficiency of the wider bus network, the corridor would need to be franchised. Nottingham's attempts to reduce the number of buses in the city centre creating congestion highlighted the limits of any partnership scheme in a deregulated environment.⁶ Operators can agree to reduce the frequency of timetable changes under an EPS but decisions about changes to frequencies are still in the hands of operators.

Can mayors integrate the bus network with other transport modes?

EPS: No

Franchising: Yes

Under franchising, mayors who also control trams and local train services, such as in Greater Manchester and Liverpool City Region, have the financial incentive to set the network to avoid duplication, maximise efficiency and provide the strongest public transport offer. Costs and revenues across different modes can be treated as one, enabling ticketing, timetables and the network to be designed to provide the most extensive possible network for passengers. An EPS allows for multi-modal ticketing, but the incentive to compete between routes rather than complement remains.

Can mayors create a common livery for buses?

EPS: Yes

Franchising: Yes

Only possible under an EPS if operators agree.

B) Affordable and easy-to-understand fares across the network

Can mayors set fares?

EPS: No

Franchising: Yes

Only franchising lets metro mayors set fares. Under an EPS, operators and mayors can work together to decide how multi-operator tickets are priced. But this is ultimately dependent on operators.

Can mayors subsidise all passenger fares?

EPS: No

Franchising: Yes

Mayors can use subsidy to reduce the fares of non-concessionary travel under franchising. An EPS does not allow cities to directly subsidise fares for all bus users. It can specify different concession entitlements, such as for apprenticeships.

Can mayors specify the tickets available?

EPS: No

Franchising: Yes

Franchising puts the entire fare structure and ticketing arrangements under the control of the mayor. There is no 'multi-operator' / 'single operator' variety for passengers, increasing simplicity. Single fares across the city can be uniform so that passengers always know the cost of bus travel.

An EPS allows for the creation of common fare zones if agreed to. But prices can only go as low as the fare agreed to by the highest-cost operator.

Under an EPS there must always be a single-operator ticket price set independently by operators. The incentive remains for operators to price this relative to multi-operator tickets so that passengers avoid travelling on other operators' services.

Can mayors control farebox revenue?

EPS: No

Franchising: Yes

Sixty per cent of total revenue for bus operators comes from commercial fares and the rest from public support. Under franchising mayors collect all of the commercial fares from across the city region and take on the revenue risk. This integrates funding across the network and improves the incentives to mayors to reduce operating costs – such as by cutting overbussing and reducing congestion for buses – and drive up demand. Under an EPS bus operators still control fare revenues.

Can mayors use fare income from across the city to fund services elsewhere?

EPS: No

Franchising: Yes

Only franchising gives mayors control over fare income from across the city and different operator areas. Cross-subsidy can extend from one end of the city region to another.

Can mayors create a common payment system?

EPS: Yes

Franchising: Yes

But only possible under an EPS if the operators agree.

C) Reliable and quick journeys at all times

Can mayors invest in bus priority measures?

EPS: Yes

Franchising: Yes

All cities today have the same powers to invest in bus priority and other actions to encourage modal shift from car to bus.

Can mayors benefit directly from bus priority?

EPS: No

Franchising: Yes

Mayors with a franchised bus network benefit directly from bus priority measures through lower operating costs and higher revenues, increasing their incentive to invest in bus priority. Greater Manchester's assessment highlights the lower value for money to the city of investing in bus priority outside of franchising.⁷

Because mayors also have control of the bus network, they can be certain about how services will respond to improvements. New bus lanes can be matched to higher-frequency services and lower fares. This sharpens the incentive to invest and de-risks doing so.

Under an EPS the direct financial beneficiary of public investment is the incumbent private bus operator, not the city. An EPS provides a means for cities and operators to set out where their interests align and commit to improvements, but the incentives are weaker, less direct and the commitments less certain than under franchising.

D) Clean services which support carbon-cutting targets

Can mayors set the standards for bus vehicles, emissions, seating and design?

EPS: No

Franchising: Yes

Franchising gives mayors full control over the standards of buses to run in the city. These can be as stringent as the mayor deems necessary to meet air quality or environmental goals. An EPS requires the agreement of the operators of 75 per cent of service kilometres in the area to set binding standards. If this threshold is met then all operators must adhere to these standards and the city can enforce them by controlling bus operator registrations as the traffic commissioner.

Can mayors hold bus companies to account for service provision?

EPS: Yes

Franchising: Yes

Under both arrangements operators can be banned from an area if they fail to meet the standards agreed in advance. Emissions standards of buses in London are significantly higher than in other major cities. All double-decker buses in the city centre are now lower-emission hybrid vehicles.⁸ These standards are set by the mayor, rather than operators.

Can mayors engage with other operators to encourage efficiency and innovation?

EPS: No

Franchising: Yes

Franchising allows cities to tender for the network they want, and multiple operators to bid. Operators can use their particular experiences from elsewhere to set out how they can bring innovation and new technology to improve bus services for mayors, such as running electric bus fleets or hydrogen fuel cell vehicles. London has attracted operators from around the world with different experiences and methods bidding for fixed-fee contracts.

The tables above make it clear that these two frameworks are fundamentally different. While franchising gives mayors much greater controls than an EPS, the transfer of powers and revenues from a deregulated market back to a public body can be complex. The tables below set out how the two models compare in complexity.

Legal: are affected operators likely to challenge it?

EPS: Yes

Franchising: Yes

The hurdles that franchising proposals must overcome and the scope for challenge have been reduced in the Bus Services Act 2017. Bus operators must provide information on ridership and income on routes to cities to develop assessments which are then signed off by an independent auditor. It is then up to the mayor to give the final go ahead.

In Greater Manchester bus operators applied for a judicial review of the combined authority's consultation on bus franchising claiming it had failed to meet the required standards on proper process, evidence and analysis required by law.

EPSs will also see conditions and quality standards enforced on smaller existing operators. The legislation is intended to protect smaller operators but high standards open cities up to legal challenge, unless they step in to fund improvements which would increase the up-front cost and financial risk of an EPS. Under an EPS mayors will have legal obligations to deliver major bus priority schemes to improve bus reliability that may be hindered by financial, operational or political limitations.

Political: will there be a big change on day one?

EPS: No

Franchising: Maybe

Franchising offers two elements for change on day one:

Service changes. Bigger changes to timetables and routes are likely to bring bigger risks from either model. An EPS poses a lower level of transition risk for cities as the existing operators will have co-developed the changes to services. Mayors may choose to reduce the risk by making changes gradually and by phasing the introduction of franchising across the city as Greater Manchester intends to do.

Operator changes. Risks will increase if tenders are won by non-incumbent operators. But London's experience shows that there are bus operators from cities around the world willing and able to handle these transitions for staff, vehicles and depots.

Cities will need to be clear on how they will de-risk entry for new entrants – ensuring sites and planning support is available for new depots, for example, will be critical.

Political: will the public hold the mayor to account?

EPS: Yes

Franchising: Yes

A franchised network and an EPS that includes a city-wide bus network, fare zones, and common livery will be nearly indistinguishable to the public. Voters will understandably have expectations that the mayor is in control of any bus network with their transport authority's name and logo on vehicles.

In the West Midlands, under the existing Bus Alliance, all buses will be red with 'Transport for West Midlands' branding to inspire a similar sense of local pride that London's red buses do in the capital. The public may perceive, incorrectly, that the mayor of the West Midlands has ultimate control over the network even though key decisions are made by operators.

Political: will the mayor be able to intervene directly?

EPS: No

Franchising: Yes

Only under franchising will the mayor have the full control of the bus network to intervene directly if service levels decline and fares start to increase rapidly.

Financial: is the arrangement time limited?

EPS: Yes

Franchising: No

Once the franchise system is introduced it will continue until a mayor chooses to end it. An EPS is time limited. Once it ends, operators are not bound by the provisions it contains.

Financial: will the mayor be directly exposed to fluctuations in bus revenue?

EPS: No

Franchising: Yes

Franchising opens mayors up to revenue risk – if fares income falls and operating costs rise then mayors will have to plug the gap.

Under an EPS mayors are not directly exposed to declining finances.

Enhanced partnerships are not a 'stepping stone' to franchising

Given looming deadlines imposed by government to commit to improvements it is understandable that some leaders are pursuing an EPS while longer term franchising plans are developed. West Yorkshire Combined Authority has received confirmation from government that an EPS and the preliminary work towards franchising can be pursued in parallel.

In which case, might there be a temptation to try an EPS first and await the outcome before examining franchising? While this might seem attractive mayors should be clear that, as set out above, the improvements an EPS can ever hope to deliver are far inferior to franchising. Waiting for a foreseeable outcome – failure – before opting for franchising will be too late for some. For those that wish to deliver visible and lasting improvements to city transport networks, franchising is the only way forward.

Figure 2: Five steps to local control

- 1 Prepare an assessment of the proposed scheme
- 2 Have this independently audited
- 3 Consult on the proposals
- 4 Analyse the responses
- 5 Decide whether to proceed

05

Conclusion

Metro mayors are in the spotlight. The electorate is looking to them to make good on election promises and deliver an economic recovery that will enable their areas to put the pandemic behind them and power on to a more prosperous future. Buses have an important role to play in this process.

The Prime Minister also recognises the importance of buses to the country's economic recovery and is prepared to offer financial carrots as well as sticks that will see subsidies withdrawn if mayors don't make use of the options available under the 2017 Bus Services Act.

It's a great opportunity. Not for decades has a government been so pro-bus. Since deregulation many ministers have been slow to understand the consequences and have wavered when it comes to making good the mistakes of the past. But now franchising is on offer and the need for local control of buses is accepted at the top of government.

So what's it to be? EPSs are better than nothing but offer none of the game-changing potential of franchising. Superficial rebranding can be delivered but without the financial rewiring of franchising it will fail to resolve the issues deregulation caused while raising expectations that are not within the gift of city leaders to deliver.

In contrast franchising gives mayors real powers to deliver the social and economic connections which are viewed as essential by so many people after the pandemic. This is an opportunity to reverse decline, increase modal share and enhance mayoral reputations by delivering improvements that can be seen on every main road in a city.

Franchising works in London and, after choosing to franchise bus services, Greater Manchester will see similar benefits. Other metro mayors should now also take up the bus franchising powers unlocked by the Bus Services Act to ensure their cities are not left behind and they too can transform services and deliver lasting economic change.

06

What needs to change

The Government's ambition for buses is to be applauded and the deadlines set for mayors and local transport authorities recognise that lengthy discussions now need to translate into benefits for passengers.

First and foremost:

1. **Mayors should take local control of bus services** by issuing notices that they are going to proceed with franchising. Enhanced partnerships are not a halfway house or a stepping stone – if mayors want better bus services that will improve the lives of local people and the economic prospects of their city region, franchising is the only option.

The Government needs to play its part too, by smoothing the way for mayors to make a simple either/or choice:

1. **The Government should make it possible for mayors to decide solely on the merits of either approach.** The Government should make clear to mayors that they do not need to use capacity and resources to negotiate a 'prudential' EPS alongside efforts to pursue franchising in order for subsidies such as the Covid-19 Bus Services Support Grant and access to other government funding to be maintained from next April.
2. **In addition, the Government should allow all cities to introduce bus franchising without application to the Secretary of State.** Cities without a metro mayor not only have to work out what is best for them, they then need agreement from the Transport Secretary should they wish to introduce franchising. This is an unnecessary bureaucratic hurdle that could be removed to allow service improvements to be delivered more quickly.
3. **The Government should take steps beyond the current timetable to make franchising easier.** The Government should propose a co-investment model to help areas meet the cost of following the franchising process required in legislation. It should also consult on measures to speed up the application process

for bus franchising with clear, statutory timescales. Some of the requirements of the 2017 Act should be reviewed to ensure those for local authorities are not too onerous or open to legal challenge.

Endnotes

- 1 <https://www.tfwm.org.uk/media/2917/congestion-management-plan.pdf>
- 2 Royal College of Physicians/Royal College of Paediatrics and Child Health (2016), Every breath we take: the lifelong impact of air pollution
- 3 <https://www.centreforcities.org/publication/city-centres-past-present-and-future/>
- 4 Butcher, L. (2010) Buses: deregulation in the 1980s, House of Commons Library
- 5 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/36985
- 6 <https://www.nottinghamcity.gov.uk/transportstrategies>
- 7 https://issuu.com/greatermcr/docs/greater_manchester_proposed_bus_franchising_scheme
- 8 <https://www.london.gov.uk/what-we-do/environment/pollution-and-air-quality/cleaner-buses>

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