



Report to:	West Yorkshire Combined Authority
Date:	14 March 2024
Subject:	Bus Reform
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Is this a key decision?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Is the decision eligible for call-in by Scrutiny?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Does the report contain confidential or exempt information or appendices?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If relevant, state paragraph number of Schedule 12A, Local Government Act 1972, Part 1:	
Are there implications for equality and diversity?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

1. Purpose of this Report

- 1.1 The purpose of this report is for the Combined Authority to note and consider the content of the Consultation Response report and associated documents, including the Bus Reform Assessment, and decide whether or not to recommend to the Mayor that she makes a franchising scheme, complying with all associated statutory requirements, or to pursue Enhanced Partnership Plus.
- 1.2 Further to consider and approve the appropriate mobilisation plan depending on the Mayor's decision, including associated funding.

2. Information

Bus Reform Assessment

Background

- 2.1 Buses play a vital role in West Yorkshire, getting people to places, connecting our communities, and shaping our economy. They are the most used form of public transport in West Yorkshire, with over 1.7 million bus journeys taken each week (about 6% of all journeys). But evidence shows passengers face many challenges resulting in poor

satisfaction and fewer people choosing to travel by bus, with bus patronage in long-term decline (bus trips fell from 167.7 million in 2011/12 to 92.3 million in 2021/22).

- 2.2 Alongside declining patronage, the bus network is also getting smaller, with the number of miles being operated falling from 60.9 million miles in 2011 to 46.3 million miles in 2021/22³. The Combined Authority have also had to contribute more to the running of bus services, rising from £17.1 million in 2018/19 to £21.4 million in 2021/22.
- 2.3 The way that buses are currently run gives the Combined Authority limited ability to change this. Since 1986, most bus services in England have been deregulated, except in London (and Manchester as of September 2023). This means that buses are mainly run by private operators.
- 2.4 In West Yorkshire, there are 26 different bus operators. They have control over their routes, timetables, ticket options, fares, frequency, and service standards. Bus operators receive the revenue from passenger fares. They retain the profits and have the commercial independence to decide how to reinvest this to support the ongoing running of buses. Bus operators own or lease their own vehicles and depots and are responsible for hiring drivers and ensuring bus services run on a day-to-day basis.
- 2.5 The Combined Authority supports local bus services. As the Local Transport Authority (LTA), the Combined Authority supports buses in the region including by:
 - Spending about £21m every year paying for socially necessary services which would otherwise not be provided by bus operators – about 15% of all bus journeys
 - Being responsible for managing the free bus pass scheme for older and disabled people (concessionary fares), as part of the English National Concessionary Travel Scheme
 - Managing most of West Yorkshire's bus stations and maintaining the region's 14,000 stops, shelters and timetable displays
 - Providing up-to-date travel information online and in print for all public transport services
 - Being part of the ticketing company which offers reduced 'MCard' fares and pre-paid tickets for use across buses run by different operators, as well as trains
 - Co-ordinating around ½ million AccessBus journeys per year for 5,000 registered users who are unable to use regular bus services
 - Working with national government to secure new funding for investment in local buses and other projects to encourage more people to travel by bus
- 2.6 Bus operators and the Combined Authority currently work together to try to improve local buses through an Enhanced Partnership (EP). The EP is a statutory partnership between

the Combined Authority as the LTA, West Yorkshire local authorities and all operators running bus services in the region and is approved by all these parties. It is the Combined Authority's current mechanism for working with bus operators to influence and improve the delivery of the local bus system. The EP provides details on the shared plan to improve bus services and provision in West Yorkshire, in line with the ambitions set out in the West Yorkshire Bus Service Improvement Plan (BSIP).

- 2.7 Published in 2021, the BSIP acknowledged challenges facing local buses and set out a vision for a safe and inclusive bus system, better connected communities, decarbonisation, and integrated, sustainable travel. The BSIP also included a plan of interventions to transform the local bus service for the people of West Yorkshire.
- 2.8 The declining patronage and bus network mileage show that the way buses are run now, where private bus operators have primary control over routes, frequencies, fares and standards of our region's buses, is failing to deliver our ambitions for better buses in West Yorkshire and needs to change in order to meet the needs of bus customers and achieve our targets set out in our BSIP.

Process to Date

- 2.9 Franchising is a legal model where buses are under the control of a local authority (in West Yorkshire this would be the Combined Authority). A franchising model has been in operation in London since 1984 and was introduced in Greater Manchester in September 2023. Under franchising, the Combined Authority would set the routes, frequency, fares and overall standards of buses in our region. The existing commercially led market would be replaced, with private bus operators no longer being able to run most services independently. Bus services would instead be operated under franchise contracts, where bus operators would bid to run the services through a competitive procurement process managed by the Combined Authority.
- 2.10 The legal process required to transition to franchising from a deregulated, commercial market is set out in the Transport Services Act 2000, as amended by the Bus Services Act 2017 (the 'Act'). The final decision on whether to introduce franchising is a power that sits with the Mayor
- 2.11 A Notice of Intent to conduct an assessment of a Franchising scheme was issued by the Combined Authority in June 2021 in accordance with 123C of the Act, which sets out the statutory process authorities must follow. Furthermore, an internal Bus Reform programme was established to manage this process following indicative approval of an £7m budget by the Finance, Resources and Corporate Committee in January 2022. The programme has since completed an assessment in line with 123B of the Act.
- 2.12 In [May 2023](#), following a report and the provision of a draft version of the Assessment, the Combined Authority noted the Assessment's draft conclusions and recommendation including that:

- According to the assessment across all options including the reference case, the public sector will be increasingly relied on to support the bus sector over time – Franchising is identified as providing the greatest levels of control and direct influence to manage these risks.
 - The assessment concluded ‘that Franchising is the preferred option for the Combined Authority to progress with subject to both the audit and the outcome of the statutory consultation, which will inform a report and recommendation to the Mayor’.
- 2.13 The Combined Authority then engaged with an Independent Auditor, Grant Thornton, who was instructed to prepare a report in accordance with section 123D of the Act. Following further updates to the draft Assessment – including engagement with bus operators on the ‘Enhanced Partnership Plus’ and in response to clarifications from the Auditor – the auditor’s report was finalised in respect of the final Assessment in line with previous delegations.
- 2.14 An Auditor’s Report on the Assessment was therefore produced by Grant Thornton, in accordance with Section 123D of the Act which concluded that, in Grant Thornton’s opinion, in all material respects:
- the information relied on by the Combined Authority in considering the matters referred to in section 123B(3)(d) of the Act (the affordability of the scheme) or section 123B(3)(e) of the Act (the value for money of the proposed scheme) is of sufficient quality
 - the analysis of that information in the Assessment is of sufficient quality
 - The Combined Authority had due regard to the Guidance issued under section 123B of the Act in preparing the Assessment.
- 2.15 In addition to the auditors opinion, the auditors also provided the Combined Authority with a number of observations. Officers reviewed the observations and the impact on the assessment. The response of the Combined Authority to those which were published during the subsequent consultation period. Whilst the observations were welcomed and recognised, the Combined Authority was satisfied that those observations, individually or together, did not contain any grounds to not proceed to consultation.
- 2.16 In [September 2023](#), the Combined Authority then determined, in accordance with the Act:
- to give notice of the proposed bus franchising scheme, and to make copies of the proposed bus franchising scheme, consultation document, Bus Reform Assessment and Audit Report available for inspection.
 - to consult all statutory consultees as listed in section 123E(4) of the Act, and set out in this report, as well as the general public more broadly.

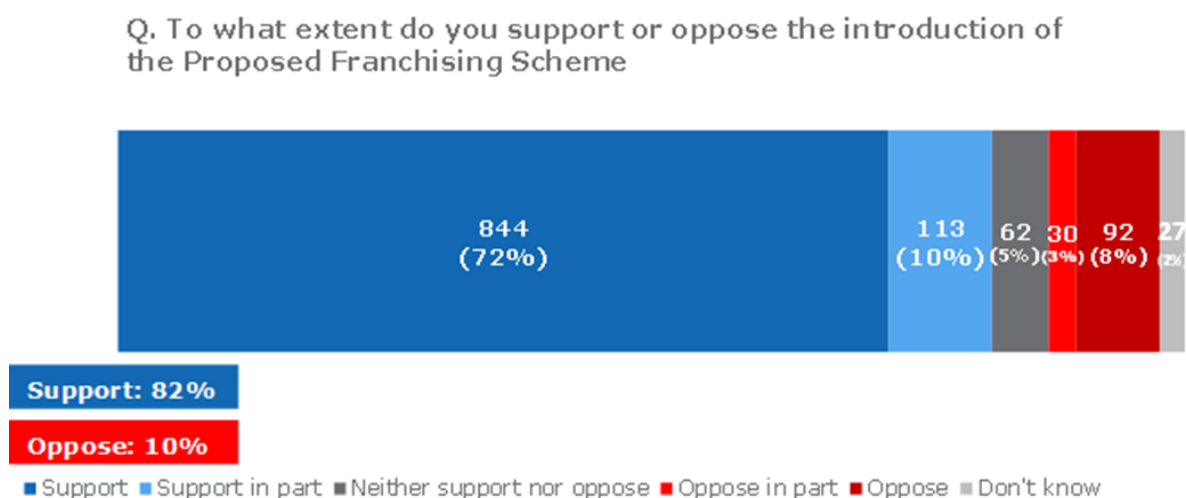
Consultation Overview

- 2.17 The Bus Reform consultation ran from October 2023 to January 2024. It was promoted as an opportunity to ‘Have your say on how buses are run in West Yorkshire’.
- 2.18 The Combined Authority identified a number of organisations it had to consult with in line with section 123E(4) of the Act. This included all local bus operators; regional district councils; neighbouring transport authorities; Trade Unions (RMT, Unite, Unison); the Traffic Commissioner; the Chief of Police for West Yorkshire; the Competition and Markets Authority; Transport Focus; Bus Users UK; and other local bus users groups – including Action for Yorkshire Transport, Better Buses for West Yorkshire, Campaign for Better Transport and Friends of DalesBus.
- 2.19 Furthermore, the Combined Authority sought to consult widely with the general public, including regular, infrequent and non-bus users. It did this via
- Publication of an online consultation brochure, with corresponding long and short questionnaires (paper copies available at request)
 - 23 awareness raising ‘flyering’ events at bus stations across the region.
 - 11 awareness raising ‘flyering’ events at non-transport locations.
 - 15 targeted ‘drop-in’ and discussion events for local community, bus users and seldom heard groups.
 - 10 Q&A ‘presentation’ events.
 - 2 online webinars
 - 5 independently facilitated focus groups with bus passenger groups.
 - PR, media and digital promotional campaigns
- 2.20 The consultation response has been summarised by an external agency, DJS Research, which has been provided as an annexe with Appendix 2 to this report.
- 2.21 69 stakeholder organisations and a total of 1,176 members of the public participated in the consultation via either the short or long questionnaire or other freeform responses (letters, reports etc). A demographic breakdown of public respondents is provided within the report. Furthermore, the Combined Authority also received 2778 campaign responses (via email and postcard) and a petition with 12,182 signatures.
- 2.22 All participants responding to both the short and long versions of the questionnaire were asked to what extent they supported or opposed the Proposed Franchising Scheme as

set out in the Consultation Document. A total of 1,167 participants provided a response to this question.

- 2.23 As set out in Figure 1, overall, nearly three-quarters (844) supported the introduction of the Proposed Franchising Scheme. A further one in ten participants (113) supported it 'in part', whilst 62 participants took a neutral position and neither supported nor opposed its introduction. Around one in ten participants (121) opposed the introduction of the Proposed Franchising Scheme. Of those, the majority (91) opposed it whilst only 30 opposed it 'in part'.
- 2.24 Responses from organisations tended to be more muted towards the introduction of the Proposed Franchising Scheme compared to members of the public. Of the 44 organisations which responded to this question (i.e. via one of the questionnaires), two-thirds (29) supported it whereas one in five organisations (9) opposed it (compared to only one in ten – 112 – members of the public).

Table 1: Support/opposition to the Proposed Franchising Scheme



- 2.25 Responses to other questions, as well as the freeform responses, presentation events and focus groups, provided more qualitative, detailed feedback for the Combined Authority to consider.

Key themes emerging from consultation and the Combined Authority's response

- 2.26 The Combined Authority has analysed all consultation feedback and provided its own response to this. This Consultation Response is provided in full as Appendix 2 to this report.
- 2.27 Recognising the range of sentiments and views expressed in consultation feedback, the following section sets out the substantive themes emerging from the Combined

Authority's analysis of this and the conclusions made on each of these themes that then informs the Combined Authority's response.

Strategic Case

- 2.28 As explored in Section 4 of the Consultation Response, the main themes identified across the responses relating to the Strategic Case include:

Challenges facing the bus industry and evidence for reform

- 2.29 Several operator and passenger groups as well as incumbent operators emphasised external influences and national issues which had impacted bus performance, some of which they felt had not received enough focus on within the Strategic Case. Issues raised included the Covid-19 pandemic, increasing car ownership, and long-term bus patronage decline all of which were claimed to negatively impact bus operators and their customer offer.
- 2.30 From a passenger perspective, respondents focussed on the decline in the bus offer and how privatisation has negatively impacted upon passengers. Many supported the Combined Authority's Strategic Case which recognised the variety of causes which had led to a worse offering for customers, whilst acknowledging the importance of the bus to connect people to social and economic opportunities.

Consideration of the objectives presented

- 2.31 A number of responses received from the consultation discussed the objectives presented in the Strategic Case. There was broad support from respondents that the objectives aligned with their ambitions for the bus system in West Yorkshire including common goals around supporting passengers to make journeys to economic and educational opportunities.
- 2.32 Some respondents challenged the objectives with focus around the need for quantified time-bound targets, including a target for patronage growth, and doubts as to whether the Proposed Franchising Scheme would be able to achieve the objectives. In addition, a specific challenge was received that questioned whether the Proposed Franchising Scheme could achieve transport policy targets.

Consideration of the options presented

- 2.33 A number of consultee responses expressed a view on the options presented. Several incumbent operators highlighted the success of the current existing partnership in areas around electric buses, fleet investment, and Mayor's Fares. Respondents also considered the Enhanced Partnership Plus option and its ability to deliver similar objectives more quickly and with less financial risk. There were also several respondents, including some operators, that supported the Proposed Franchising

scheme to better deliver against the objectives, particularly those around a cohesive network and local decision making.

Tackling issues with bus priority and highways management

- 2.34 Many respondents highlighted issues around bus priority and highways management. A number of incumbent operators argued that highways management directly impacts the performance and efficiency of services and without infrastructure improvements only limited improvements to bus services can be made. Responses focussed on congestion and journey times and the importance this plays for bus customers.
- 2.35 Additional points were raised on the need for consistency across bus priority and Local Authority policy so that customers could experience a consistent service across West Yorkshire.

Approach to customer service information

- 2.36 Several responses centred around customer service and information. There were particular points raised relating to the quality of existing provision and a discussion of the best bus reform option to see improvement.
- 2.37 A common theme across respondents was that the current offer must be improved. The Strategic Case concludes that customer service and information is one of the delivery areas most positively impacted by bus reform options. In particular within the bus reform options, the Proposed Franchising Scheme allows for further simplification of the customer offer with simplicity and ease not found in the EP+ proposals due to the ability to implement a single channel for communications and complaints.

Environmental Sustainability

- 2.38 A variety of responses concerning the viability of zero emission buses, modal shift and delivery across the different options were received. There was general support for the delivery of the Combined Authority's environmental ambitions. A particular area of focus was around fleet and the delivery of the Combined Authority's ability to deliver zero emission buses under the Proposed Franchising Scheme when compared to the Enhanced Partnership plus option.

Fares and Ticketing

- 2.39 A range of comments were made on the theme of fares and ticketing. There was broad support from respondents on the ambitions set out in the Strategic Case on fares and ticketing especially around fare simplification. Responses highlighted the need for a consistent customer product and that overly complicated fares were a barrier for bus users. Many operators expressed a view of the current common ticketing approach and the impact of the Mayor's Fares scheme.

Network

- 2.40 Several responses were received around the network and, in particular, on the network as described under the Proposed Franchising Scheme. With some respondents suggesting potential network improvements in order to better serve bus users, including requests to support orbital services that avoid city centres, integration with other modes of transport, more night buses, and the role of park and ride.
- 2.41 Responses also focussed on the ability of the different options to deliver network improvements and there were concerns raised on the ability of the Enhanced Partnership plus option to deliver such improvements.
- 2.42 There was a broad range of positive comments supporting the opportunities for the network that the Proposed Franchising Scheme could bring due to the certainty and control it would offer the Combined Authority regarding network decisions.

Strategic Case Conclusion

- 2.43 As explored in Section 4.11 of the Consultation Response, the conclusion on the Strategic Case highlights that there are queries, concerns and support for the Strategic Case for bus reform, including the current challenges, objectives and options set out. Greater detail is included in sections 4.2 – 4.9 of the Consultation Response Report in response to the specific comments raised.
- 2.44 When considering the responses to the consultation, both in terms of support for and challenges to the Strategic Case the Combined Authority believe the evidence presented in the Strategic Case responds to the challenges facing the bus industry, which is reflected in the formation of objectives.
- 2.45 There was broad support in the consultation responses concerning the need for reform as well as the assessment of how likely the different options for reform would be in meeting the Combined Authority's objectives for bus. Particular challenges were made in the consultation responses regarding bus priority, fares and ticketing, as well as customer service and information.
- 2.46 Considering the challenges raised in consultation responses, the Combined Authority is satisfied that the Strategic Case addresses the themes appropriately and that the objectives for the bus system and that the Proposed Franchising Scheme represents a better opportunity to achieve the Combined Authority's ambitions for the bus network than the EP+ reaffirming the conclusions of the Strategic Case of the Assessment

Economic Case

- 2.47 As explored in Section 5 of the Consultation Response, the main themes identified across the responses relating to the Economic Case include:

Assumptions used in the Economic Case

- 2.48 In order to prepare the Economic Case for bus reform a number of assumptions had to be made. The main areas of concern raised by respondents were around:
- The assumption that in the Reference Case, patronage would only recover to 80% of its pre-Covid level
 - The continued decline in bus patronage
 - The use of a 40-year period over which to assess the options (the appraisal period)
 - The comparatively modest improvements to service frequencies and new routes proposed as part of the EP+ and Franchising options.

Margins used in the Economic Case

- 2.49 A number of operator responses stated that the Economic Case was overoptimistic about the margins achieved by operators on current services, or that the Combined Authority had incorrectly calculated the margins used in the assessment. There were also comments sceptical about the opportunity to fund more bus services under Franchising because margins were assumed to be lower on franchised services.

Risk in the Economic Case

- 2.50 Responses raised a number of different possible risks that were identified and comments made concerning them, some of which were also raised in relation to other cases in the Assessment. These included:
- The transfer of revenue risk from operators to the Combined Authority under Franchising and the comment that therefore the EP+ is lower risk for the Combined Authority
 - The benefits operators experience through risk transfer
 - The risks associated with the acquisition of depots and fleet under the Proposed Franchising Scheme
 - The risk associated with the delivery of services which is partly transferred to the Combined Authority from operators under Franchising
 - The linked political and reputational risk to the Combined Authority under Franchising

Fares and ticketing simplification benefits

- 2.51 A number of respondents were concerned about the magnitude of the benefits of fares and ticketing improvements assumed under the EP+ option and the Proposed Franchising Scheme. Some comments were made in suggestion that benefits were already achieved in the reference case because of existing interventions that have been achieved.

Missing benefits

- 2.52 Some respondents suggested there might be other additional benefits particularly associated with the Franchising option such as better integration of the bus system and public confidence. Some comments also suggested there could be wider economic benefits from possible increased ridership on a franchised network.

Other impacts on operators, passengers and the Combined Authority

- 2.53 A number of other impacts on operators, passengers and the Combined Authority were mentioned by respondents. Operators were obviously concerned about the impacts of the Franchising option on them and there was particular concern about the impacts on SMOs, though it was also acknowledged that the franchising process has some potential advantages which may suit SMOs. These issues are considered in the Commercial Case. Many of the impacts of the proposed Franchising option on passengers were felt to be beneficial by consultation respondents.

Other comments

- 2.54 A wide range of other comments were made, ranging from concerns about how long it would take to implement the Franchising option (compared to the quicker benefits available under the EP+ option) to the continued likely piecemeal support for non-commercial services under the Reference Case and the incentives operators have to improve services under the EP+ option.

Economic Case Conclusion

- 2.55 A wide variety of different comments and concerns were raised in connection with the Economic Case of the Assessment, and greater detail is included in sections 5.2 to 5.8 of the Consultation Response Report in response to the specific comments raised. These were considered carefully under a number of different themes and some areas of uncertainty were investigated using additional sensitivity tests. After careful consideration, none of the responses to the Consultation raise issues which materially alter the findings of the Economic Case.
- 2.56 Some of the issues particularly raised in the consultation response by First West Yorkshire, but also by other bus operators, were considered in greater technical detail and the results are discussed in Appendix 5 of the Consultation Response Report.

- 2.57 The Combined Authority are confident that the findings of the Economic Case remain robust. Both bus reform options represent 'very high' VfM because they are forecast to generate benefits considerably higher than the costs required to implement them. The advantages of Franchising include the greater control the Combined Authority would have over the bus network under this option. However, both options are justified interventions and the decision between the two options should be based upon wider considerations set out in the other Cases of the Assessment.

Commercial Case

- 2.58 As explored in Section 6 of the Consultation Response, the main themes identified across responses relating to the Commercial Case include:

Evaluation of the Commercial Success Factors

- 2.59 This theme sought to understand comments made in response to the Commercial Success Factors (CSFs) set out in the Assessment. There was general agreement that the CSFs were correct, but some concerns about how they were treated across bus reform options. There were differing views on which option presented best value with various conclusions reached. The 'Competition' success factor was the subject of comments about the change in competition that would occur if the Proposed Franchising Scheme was made with responses considering challenges to SMOs, the size of the market and the ability to innovate. Several comments on 'Transport Authority Influence' suggested that greater influence does not necessarily lead to better outcomes, whilst some raised that it naturally biased the CSF in favour of the Proposed Franchising Scheme. The scale of change and the requirements needed to introduce the Proposed Franchising Scheme were the main comments on the 'Ease of Implementation' CSF.

Franchise contracts, procurement, and implementation and transition planning

- 2.60 There were a variety of responses on contracts, with helpful comments received in terms of contract length and additional contract specifications. Generally there was support of proposed contract mechanisms including contract length with responses demonstrating the link between contract length and performance and innovation. Several points were made in addition asking for specific interventions to lengthen contracts or add in additional contract extensions. Specific questions and suggestions were received on a number of contract mechanism including the performance regime, change mechanism, contract content and resource and contract failure.

Consideration of cross-boundary services and the service permit regime

- 2.61 Responses received in this theme focused largely on service permits and the scope of the network. Other considerations were given on the list of services which is discussed in the Proposed Franchising Scheme sections 3.4 and 3.5.

- 2.62 Responses on service permits generally noted that it was unclear on how permits would be managed alongside franchising contracts and made comments on the phasing and standards applied to them. Several comments were received expressing concern for the continuation of cross-boundary services and the potential impact on these services of a permit regime. Questions were raised regarding cross-boundary services and whether they were adequately addressed within the Commercial Case.

Approach to assets

- 2.63 Comments made on assets were predominantly on the approach to fleet and the approach to depots. Responses on fleet raised questions regarding bus specification and management of assets. There were also comments relating to procurement of fleet and the impact of vehicle availability on the outcomes of the Proposed Franchising Scheme. Additional comments were received in regards to leasing agreements and residual value mechanisms requesting further clarification on these.
- 2.64 Responses received on depots covered a range of topics, highlighting potential issues with connecting existing depots to EV infrastructure, land availability and location for the development of new depots, the interactions depots have with the lotting strategy and the cost of depots. The ability for the Combined Authority to acquire depots was particularly highlighted by operators as a challenge for the timetable of implementation.

Consideration of the impact on SMOs

- 2.65 The majority of responses within this theme raised issues on the risks to SMOs if the Proposed Franchising Scheme is introduced. This includes impacts on a reduced operator community and potential barriers to bidding if contracts are too onerous to bid for. In addition, some SMOs thought the current SMO context including working arrangements and ambition had not been fully considered within the Commercial Case.

Lotting Strategy

- 2.66 A variety of comments were received regarding the lotting strategy including several that welcomed the opportunity of smaller lots which may be more suitable for SMOs. Some comments were made that highlighted the need for the Lotting Strategy to be structured in a way that did not bias incumbent operators and the need to review the approach through the lotting rounds. Some specific comments were made regarding the safeguarding of smaller lots and the impact on SMOs. Within the Consultation Response Report further comments were considered on lotting within the Proposed Franchising Scheme section 3.3 of that report.

Risk Allocation

- 2.67 A variety of risks were identified through responses, largely reflecting issues discussed elsewhere in this section or reflective of comments in other cases of the Assessment. Responses noted that risk to the Combined Authority would increase and questioned

whether this would provide the best outcomes for bus customers. The changes to revenue risk were also raised alongside risks with timetabling and the loss of expertise, again relating back to the responsibility of risks changing between bus reform options. Risks to the CSFs were also discussed in some responses. Risks to operators were also identified, including risk to operation of services during transition and risk of losing operator knowledge.

Commercial Case conclusion

- 2.68 The conclusion on the Commercial Case highlights that there are queries, concerns and risks perceived in the assessment of the commercial propositions for the bus reform options, but also that there is support for elements of the proposed approach of the Combined Authority. Greater detail is included in sections 6.2 to 6.9 of the Consultation Response Report in response to the specific comments raised.
- 2.69 The Combined Authority maintain that the purpose of the Commercial Case is to consider whether options present a commercially viable delivery approach to the bus reform option. The scale of the change, particularly in delivery of the Proposed Franchising Scheme is recognised across the Assessment and is reflected in the Commercial Case, which outlines a range of the approaches the Combined Authority would look to take on contracts, assets, implementation and employment considerations that are all intended to drive a competitive market for franchised contracts,
- 2.70 Whilst the Combined Authority remains confident following the consultation feedback that from a commercial perspective, either bus reform option is deliverable, it maintains the view that the CSFs can be better met with the Proposed Franchising Scheme due to the control and certainty it provides over outcomes across the bus network. However, specific comments provided in relation to the details of contracting, the approach to asset acquisition, the approach to cross boundary services, to facilitating SMO participation and the final allocation of routes through the lotting strategy will be taken on board in refining these approaches should a decision be taken to introduce the proposed franchising scheme. The Combined Authority recognises that further market engagement on all of these matters would also be essential to mitigating risks during implementation.

Financial Case

- 2.71 As explored in Section 7 of the Consultation Response, the main themes identified across responses relating to the Financial Case include:

Assessment assumptions and modelling

- 2.72 A number of consultees raised comments on the assessment assumptions and the modelling work in relation to the financial case. The assumption that passenger numbers would continue to decline reflecting long term trends under all options was especially highlighted.

- 2.73 Other comments in this section focussed on particular assumptions and modelling work, including on margins, indexation and dealing with a pandemic type event. There was also a clarification on figure 9 of the Consultation Document which had some missing labels, although from comments from a number of other stakeholders it does not appear that these missing labels caused a barrier to responses.

Funding and finance sources

- 2.74 Consultees raised comments about the funding and finance sources available to the Combined Authority to fund buses, with some comments more general to the availability of sufficient funding, whilst others were focussed on individual sources of funding. In summary terms, most comments were concerned with whether sufficient funding sources would be available to the Combined Authority. Specific sources that were queried included: Transport Levy, Single Investment Fund, Bus Service Operator Grant, ZEBRA (Zero Emission Bus Regional Areas) and funding in relation to the cancellation of HS2. Some comments discussed alternative funding sources that could also be drawn upon.

Costs of implementing franchising

- 2.75 The theme of the costs of implementing franchising brought up points that the franchising case contained higher costs than the alternatives, with some focus particularly given to the transition costs, the capital costs, and the ongoing management costs of the scheme.
- 2.76 In criticism of those costs, points were made about the costs being high, not asked for by the public, not delivering services and being avoidable under EP+.

Cost of implementing the EP Reference Case or the EP+

- 2.77 A number of comments were also received on the costs of implementing an Enhanced Partnership model, with some comments specific to the Enhanced Partnership Plus alternative option in the assessment, with others more general to costs of Enhanced Partnership schemes.
- 2.78 Some comments focussed on the need for long term funding under an Enhanced Partnership. There were comments that the Enhanced Partnership Plus model would be affordable, with some stating that it was at less cost to the Combined Authority with comparable benefits, whereas others stated that it was less cost but didn't match their ambitions. There were also some specific elements of the costs assumed for the Enhanced Partnership Plus model, and on the suggestion from one operator of a profit share mechanism.

Financial and cost risks to the Combined Authority

- 2.79 The issue of risk was a common theme, with increased financial risk for the Combined Authority of increased borrowing and revenue risks highlighted particularly. In some cases, there were comments suggesting the risks are justified for the benefits, but there

were also opposing views that they were not justified, and issues of concern about the level of risk, and also that some risks had not been considered.

- 2.80 A number of consultees accept that the Combined Authority would be taking on additional financial risk, but that these would be justified if the benefits outlined can be realised.

Financial cost / risk to local authorities

- 2.81 Similarly to the section on financial and cost risks to the Combined Authority, some comments also considered the impact on local authorities. The main focus of comments was on the possibility for increased charges to taxpayers and the current financial austerity of local authorities, with points raised by local authorities themselves but also from several bus operators.

Financial Benefits of franchising

- 2.82 There was a theme of comments suggesting that there would be financial benefits of franchising, and in some cases suggested that benefits have been understated in the assessment, such as by reinvesting in the network, increased stability or retaining profit not going to private profit.

Value for Money / use of public money

- 2.83 A final set of comments, that closely link to the economic case, focussed on the issue of value for money, with comments suggesting that the financial case does not demonstrate good use of public money.

Financial Case conclusion

- 2.84 The Consultation Response's conclusion on the Financial Case highlights that there are concerns among stakeholders about the overall costs of delivering the Proposed Franchising Scheme and the financial risks that are associated with delivery. Greater detail is included in sections 7.2 to 7.9 of the Consultation Response Report in response to the specific comments raised.
- 2.85 It is recognised that a number of consultees raised concerns over future sources of funding and finance, with there being a level of uncertainty with regards to funding sources identified in the Financial Case. Whilst the Combined Authority has considered that this uncertainty does exist, they are still believed to be a valid assumption on which to compare the regulatory options, and in most cases the impact of those funding sources reducing or not being available in the future would impact equally across all reform options. Long term funding certainty, and further investment from Government in bus services, are developments that the Combined Authority would wish to see happen under either reform option to support the delivery of services in the future.
- 2.86 As highlighted in the Assessment's financial case conclusions, the Combined Authority would carry more financial risks, both in terms of carrying cost and revenue risks and

more asset risk. These concerns are recognised, however, consideration of these points has not altered the Combined Authority's view that the scheme remains affordable within the budget available and under different scenarios as assessed, with the Combined Authority having means by which future funding requirements can be managed. Furthermore, as highlighted in the summary of public responses in the DJS report, the risks are recognised as being necessary to deliver the benefits of bus reform, with the assessment suggesting franchising is forecast to provide greater passenger journeys than the alternative options.

Management Case

- 2.87 As explored in Section 8 of the Consultation Response, the main themes identified across responses relating to the Management Case include:

Organisational ability to manage.

- 2.88 There were a range of comments provided that spoke either positively, negatively or with mixed opinions on the Combined Authority's overall ability, with additional resource and competencies, to manage the Proposed Franchising Scheme within its existing organisational structure. This was further divided into subthemes including 'general comments', 'resource requirements', 'competencies, roles and responsibilities', 'skills and training', 'organisation / team structures', 'duplication of effort', 'transition', 'process and decision making', and 'IT and system requirements'.

Recruitment

- 2.89 There were a range of comments that acknowledge different aspect of the recruitment of the required resource, including Combined Authority staff, the transfer-in of bus operator staff to the Combined Authority and the recruitment of bus drivers and other operator staff.

Management costs

- 2.90 A number of responses raised specific queries about costs associated with the management of the Proposed Franchising Scheme, as well as the EP+.

Managing risk

- 2.91 This theme reflects comments raised regarding the risks involved in managing the bus reform options, particularly the Proposed Franchising Scheme, as well as the Combined Authority's approach to managing risks, and how thoroughly risk had been considered within the Assessment more generally.

Role of district councils and partnership working

- 2.92 A range of comments were received about the role of district councils under the Proposed Franchising Scheme, wider partnership working and specifically about highways management and the adoption of Key Route Network (KRN).

Future organisational change

- 2.93 This theme reflected queries around how the Combined Authority has considered future organisational change, such as delivery of the Mass Transit programme, within its management proposals.

Consultation and engagement requirements

- 2.94 This theme reflects that many comments were raised about the need for the Combined Authority to conduct consultation and engagement with stakeholders and the general public throughout implementation and 'steady-state' operation of the Proposed Franchising Schemes.

The EP+ and alternative management arrangements

- 2.95 This theme encompassed the range of comments made about management proposals relating to the EP+ - including general positive and negative comments as well as queries about specific resource requirements identified. Furthermore, the theme considered the legal provisions for exiting a franchising scheme, should that be required in the future.

Employment

- 2.96 This key theme reflects comments emerging from consultation across the management and commercial case regarding employment. It acknowledges potential impacts on the employment of both Combined Authority and bus operator staff, includes a recognition of both employment opportunities and challenges presented by the Proposed Franchising Scheme, and encompasses five distinct but connected sub-themes, 'TUPE and staff transfer', 'staff wages and pay', 'terms and conditions', 'pensions', and 'trade unions and collective bargaining'.

Management Case conclusion

- 2.97 The conclusion on the Management Case response highlights that there are queries and concerns among stakeholders about management proposals associated with delivering the Proposed Franchising Scheme and the risks that come with this. Greater detail is included in sections 8.2 to 8.9 of the Consultation Response with regards to the specific comments raised.
- 2.98 Following consideration of all the comments raised, the Combined Authority remains of the view that, with additional competencies and resources, it can manage the Proposed

Franchising Scheme through its existing organisational structures – including management of associated risks. Nevertheless, the Combined Authority acknowledges that, as set out in the Assessment, it will need to develop a detailed resourcing plan. Furthermore, it will need to carefully manage the implementation of this as a priority to ensure it is able to recruit the additional resources, with appropriate skills and experiences, throughout transition ready for steady state.

- 2.99 It will also need to set out a more detailed plan for the application of TUPE will need to be developed in due course, including a communication and engagement strategy with employers and employees throughout the procurement and mobilisation of franchised contracts. It also acknowledges that its consultation and engagement proposals as set out in the Assessment, need to be developed in more detail at an appropriate time in the development and delivery of the scheme.
- 2.100 Recognising the comments and advice shared by consultees, the Combined Authority believes itself best placed to understand its own resourcing requirements to manage the issues identified. Nevertheless, as with the delivery of any service or project, the Combined Authority will keep resourcing requirements under review. Should it at any point determine that additional resource could offer further benefits to the delivery or operation of the Proposed Franchising Scheme it will consider this, including by assessing any impact on the assumptions underpinning the Management Case. The Combined Authority would also follow its usual corporate processes to consider how to meet that requirement, including determining funding sources, roles and responsibilities and benefits against business objectives).
- 2.101 Furthermore, it will remain open to exploring alternative operating models in the future to create efficiencies as and when other major transport projects, such as Mass Transit, develop to a point of greater certainty but the Combined Authority is confident that its existing structures provide a mechanism to deliver the scheme.

Assessment summary and conclusion

- 2.102 As explored in Section 8 of the Consultation Response, the main themes identified across responses relating to the Assessment Summary and Conclusion, that could not be related to themes under individual cases, include:

Support and other comments on the preferred option

- 2.103 This theme acknowledges comments made specifically supporting the conclusion of the Assessment, as well as a wide range of additional comments on Franchising and Enhanced Partnership+. Therefore, this theme encompasses comments that can be sorted into the following categories; 'Benefits of Franchising'; 'Negatives of Franchising'; 'Neutral on the preferred option'; 'Alternative options'; 'Benefits of EP+'; and 'Negatives of EP+'.

Support and other comments on the process

- 2.104 This theme acknowledges comments made supporting the process undertaken by the Combined Authority in conducting the Assessment and seeking stakeholder views via the consultation.

Operators support for the West Yorkshire bus market

- 2.105 This theme acknowledges comments made by bus operators in support of buses in West Yorkshire.

Putting passengers first

- 2.106 This theme acknowledges comments made about put the needs of local bus customers first in consideration of bus reform.

Impacts on SMOs

- 2.107 As emerged under other case, including the Commercial Case, this theme acknowledges concluding comments made about the impact of bus reform on small and medium sized bus operators and their position in the market. It also addresses requests for guarantees or compensation for operators should the Proposed Franchising Scheme be implemented.

Comments on political / Mayoral ambitions

- 2.108 This theme acknowledges comments made by some stakeholders suggesting politics has had a negative influence on the bus reform assessment.

Commitments to work with the Combined Authority

- 2.109 This theme acknowledges comments made by stakeholders providing their commitment to work with the Combined Authority to deliver bus reform.

Further work to be done

- 2.110 This theme acknowledges comments made about there needing to be further work beyond the bus reform assessment to both successfully implement the preferred option and achieve wide transport aims and objectives.

Conclusion

- 2.111 Concluding on these final themes, the Consultation Response summarises that it is clear there is difference of opinion across stakeholders, with some in support and other against the implementation of the Proposed Franchising Scheme, and that within these views there are important, specific points for consideration.

- 2.112 The Combined Authority has followed the statutory process set by the Act to assess the options for bus reform, and provided opportunity for participation in the consultation both by statutory consultees, and other stakeholders and the general public.
- 2.113 The Combined Authority recognises, as expressed by many consultees, that it will need to continue working closely with stakeholders, in particular bus operators, to successfully implement the Proposed Franchising Scheme – and thanks respondees who have offered their commitment to doing so.
- 2.114 It also shares the view that the interest of local bus customers need to be put at the forefront of the assessment of bus reform, which is why it embedded these in the objectives of the Assessment and the approach to consultation. The Combined Authority also stands by the value of democratically elected politicians' open and transparent involvement in delivery of the local bus system – including the decision on whether to implement the Proposed Franchising Scheme.
- 2.115 Finally, the Combined Authority acknowledges further detailed work needs to be done in order to successfully implement the scheme, and realise its full ambitions for buses in West Yorkshire.

Changes to the Proposed Franchising Scheme

- 2.116 The Proposed Franchising Scheme is the legal scheme which it was proposed would be made in accordance with the Act in order to implement franchising in West Yorkshire, and which was reflected in the Assessment. A draft was published as part of the consultation material.
- 2.117 The Consultation Response concludes that the Proposed Franchising Scheme should apply to West Yorkshire as a whole fitting best with strategic objectives that recognise the importance of a sustainable transport offer across West Yorkshire.
- 2.118 Furthermore, with regards to the Lotting Strategy, the Combined Authority remains comfortable with the proposed split of the geographical area with the approach to procuring franchised contracts, and the proposed three rounds of procurement, all of which had a broad level of support across consultees.
- 2.119 Comments on the proposed decision date are effectively dealt with by this paper being taken forward at this time, noting that there were a range of views on how quickly a decision should be taken.
- 2.120 Having considered a range of consultee views, it is not proposed to change either the minimum length of the mobilisation period or the list of service exemptions. However, the Consultation Response does set out reasoning behind why many of the exemptions requested would not be required, and in particular why the use of a permit scheme (as proposed in the Assessment) would enable many of the services which were requested by consultees to be exempted to operate (or continue to operate) in the area after franchising, provided that they provide passenger benefits and do not adversely affect franchised services.

- 2.121 However, as a result of the consultation, changes have been made to the Proposed Franchising Scheme in relation to:
- Services to be franchised.
 - The date of commencing operations of services to align with school term dates.
- 2.122 Two list of services to be franchised were included as Annex 1 and 2 to the Proposed Franchising Scheme. These have been updated to reflect that the network has evolved since the initial assessment period in 2021. Whilst many services remain the same, others have been amended to reflect the changes to the bus connectivity in West Yorkshire, during the post-pandemic period.
- 2.123 This list, therefore differs from the 2021 list to reflect where bus services have changed their route, including the Start, Via or End points, due to various operational factors in relation to running bus services. This is consistent with the note included in Annex 1 to the Proposed Franchising Scheme published with the consultation documentation that noted that the lists may need to be updated to reflect change in the bus network in the interim. The scheme that it is proposed would be made has therefore been updated so that any service that operates as of February 2024 which meets the following criteria has been included;
- The service operates solely within the West Yorkshire boundary; and
 - The service is considered open to the general public;
- 2.124 Services running within the boundary, which for any portion travel outside of West Yorkshire, and services which cannot be considered open to the general public (such as closed school services), have not been included within this list as they will be controlled through other means, namely service permits for cross boundary routes and Scholars' Services for closed school services. Therefore, whilst changes have been made to the scheme those changes are consistent with the approach set out in the assessment and the Proposed Franchising Scheme that went to consultation.
- 2.125 Feedback from consultees noted the benefits of having contracts commence so that they were aligned to school terms, in particular where they included schools contracts. The first date that services can commence under contracts is now specified as 28 March 2027, which would fall in school holidays, and the Combined Authority intends to let future contracts so that services equally commence so that they are aligned with school terms. This does not require further amendments to the Proposed Franchising Scheme, as only the first contract date is specified in the scheme.

Impact on small-to-medium sized bus operators

- 2.126 Consideration of the impact on small-to-medium-sized operators is a legal requirement of the Combined Authority under the process set out by the Act, and further to the strong

feedback received, it has also emerged as a crossing-cutting theme with the Consultation Response, see paragraph 2.65. The Combined Authority has considered this seriously and a position paper setting out its response on this specific matter has been included as Appendix 5 to this report.

Final recommendation to the Mayor

- 2.127 The Assessment's original conclusion set out that following analysis of each option across all five cases, Franchising offers clear strategic benefits and greater opportunity to achieve the Combined Authority's objectives and ambitions for West Yorkshire compared to the reference case and Enhanced Partnership 'Plus'.
- 2.128 However, the Assessment made clear that Franchising requires significant capital investment by the Combined Authority and has additional key risks including:
- Budget risk and responsibility for farebox revenue.
 - Management of market transition and procurement of services.
 - Fleet purchase and depot acquisition.
 - New skills and resources required for delivery.
- 2.129 The Assessment demonstrated that an Enhanced Partnership 'Plus' model also offers increased benefits beyond the reference case. This would have less risk for the Combined Authority compared to Franchising but is ultimately still dependent on being able to agree its delivery with local bus operators – reducing the level of certainty and control for the Combined Authority. Letters of commitment received alongside operator proposals provide confidence in support of interventions from those operators, however further work would be required with them to agree the detailed specifics of what could be achieved under this model for the benefit of local passengers, and there remains a risk that not all of the benefits assumed would actually be delivered and maintained.
- 2.130 The assessment showed that both franchising and Enhanced Partnership 'Plus' are justifiable options in terms of delivering High Value for Money, are affordable and deliverable. However, modelling outputs show that across all options, the challenge of ongoing bus patronage decline remains and would require service cuts unless further investment and / or additional policy levers are applied to significantly increase passenger demand and / or cover the cost of maintaining current service levels. Both Franchising and the Enhanced Partnership Plus would slow this rate of decline, with the former doing this to the greatest extent and at better value for public money.
- 2.131 Furthermore, across all options including the reference case, the assessment forecast that the public sector will be increasingly relied on to support the bus sector over time – Franchising is identified as providing the greatest levels of control and direct influence to manage these risks. The assessment therefore concluded that Franchising was the

preferred option for the Combined Authority to progress with, but this was subject to both the audit (that was completed) and the outcome of the consultation report.

- 2.132 The statutory audit report found no material concerns with the final assessment in accordance with the legislation which allowed the Combined Authority to commence the consultation process. The consultation allowed both statutory consultees as well as wider stakeholders and the public to have their say on how buses are run in West Yorkshire and to consider the detail of the bus reform options presented.
- 2.133 Overall, there are clear levels of consultation support for the implementation of the Proposed Franchising Scheme with strong support from the wider public, but also a range of criticisms and concerns raised by statutory consultees and other stakeholders, in particular from bus operators, who the Combined Authority acknowledges may be affected by what amounts to a material change in the regulatory structure of the bus industry in West Yorkshire. The Combined Authority has therefore considered very seriously all feedback raised, including from respondents who stressed the scale of change and risks involved, and this is reflected in the Consultation Response.
- 2.134 In considering consultation feedback, this Consultation Response re-emphasises that Franchising requires significant transition and capital investment by the Combined Authority but that these, as well as ongoing revenue costs, remain affordable within the budget available and under the different scenarios considered by the Assessment, and in response to issues raised by consultees.
- 2.135 The risks highlighted within the Assessment's conclusion remain and these have been reflected in key themes emerging from the consultation feedback. Consultees rightly highlighted the risks inherent in the introduction of franchising, and the need for the Combined Authority to have robust procedures to identify, mitigate and manage those risks. The Consultation Response has therefore considered and responded to comments relating to each of these as well as restating the Combined Authority's overall approach to managing risk both at a programme and corporate level, which would be applied whether the Combined Authority proceeded with franchising or the EP+. Having reviewed these measures and its continued work on risk management, the Combined Authority remains comfortable that its procedure is sufficient to enable it to identify and mitigate the risks involved in implementing the Proposed Franchising Scheme or progressing with EP+.
- 2.136 Having considered consultation feedback carefully, including a range of risks raised by consultees the Consultation Response concludes that the Proposed Franchising Scheme would be deliverable by the Combined Authority, as per the Assessment original conclusion. Comments provided during consultation have been very helpful in strengthening the commercial proposition, either by reaffirming the Assessment's original strategies, influencing changes, or providing useful points for further consideration by the Combined Authority as implementation progresses. Additional points have also been considered with regards the internal competencies and resources required for the Combined Authority to manage the scheme within its existing organisational structure.

- 2.137 It is also clear from the consultation feedback received that the local bus network plays a vital role in West Yorkshire and is strategically important for its future development as well as the day-to-day lives of residents who depend on it to travel to work and education, access other vital services, and to enjoy leisure and cultural opportunities across the region. However, buses in West Yorkshire face many challenges which justify significant action to overcome, including the currently predicted long-term decline in use and shrinking network, which is judged an unacceptable outcome by many. Franchising provides the greatest levels of control and direct influence to respond to this, above and beyond the Enhanced Partnership Plus, and is therefore the preferred option to achieve the change needed.
- 2.138 Nevertheless, the Consultation Response also makes clear the decision to implement the Proposed Franchising Scheme will have implications beyond the Combined Authority. The Combined Authority will need to continue working closely with bus operators, their employees (such as drivers and vehicle maintenance staff), its district council partners, as well as bus users and other community groups to ensure the scheme is successful in delivering its aims and objectives. This will also need to be complimented with other transport policy and infrastructure interventions to maximise the benefits of an integrated, reliable, and attractive bus service.
- 2.139 Based on the content set out throughout, the Consultation Response reaffirms the Assessment's conclusion and recommends to the Mayor that the Combined Authority proceed with the Proposed Franchising Scheme as the preferred option for Bus Reform in West Yorkshire.

Mobilisation

- 2.140 It is recognised that whatever decision is taken on next steps for Bus Reform it will be important that the Combined Authority can move quickly to implement the chosen course of action, building out at pace from the business case of the Assessment which sets out how each option would be implemented. The following section outlines proposed initial activities for both Franchising and EP+.

Transition to Franchising

- 2.141 The Combined Authority has developed arrangements to support the transition from the existing deregulated market to a fully operational franchised model. Key elements of this transition plan, as outlined in the Commercial Case and Management Case of the Assessment include:
- Procurement design and procurement – including market engagement and ensuring Operators can mobilise in time to deliver an effective service
 - Market and network management – including service continuity and provision of services during transition

- Systems – ensuring that these are in place and new systems procured as required
- Resourcing and organisational change – putting in place the required staff and processes
- Communications and engagement – setting out a clear communications and engagement plan for transition
- Leadership – ensuring that leadership and governance are in place to manage the transition process

2.142 Following the mayoral decision to implement Franchising, the Franchising scheme would include provisions that revoke the Enhanced Partnership plan and scheme(s) in relation to the areas that the franchising scheme relates. During an implementation period of franchising, the Combined Authority would need to manage the risk that services (both commercial and tendered support services) do not continue at their forecast level. There are several ways to manage the risk of Operators de-registering services before franchising comes into operation including; the publishing of a 'Transitional Notice' at the same time as making and publishing the franchising scheme, which implements a 112 day period to cancel or vary services within the franchising scheme area in the transition period, but retains flexibility for shorter periods at the Combined Authority's discretion. A draft transition notice is included at Appendix 4.

Transition to EP+

2.143 Under EP+, Transition is a two-year period which commences with a Combined Authority decision to proceed with the EP+ option. The transitioning in of incremental resource would be necessary to be ready for steady state, but a dedicated Transition team would not be required. Over the period of the two year transition, a new Enhanced Partnership Scheme will be agreed, and key interventions of the programme delivered including: establishment of a network management group, Qualifying Agreements in place on key corridors, developing the single point of contact and unified branding.

Mobilisation Programme

2.144 Given the importance of mobilisation to delivering the benefits of either reform option, the Combined Authority has identified work areas in line with the transition requirements to concentrate on and hold workstream groups to identify the workstreams that will come out of these. For Franchising these workstream areas are the transition in relation to;

- Customers (to lead the organisation in transition of the customer service requirements for delivering bus franchising, working smoothly with existing teams to transition from BAU to delivering franchising customer services),
- data (to lead the organisation in transition to establishing a coherent data landscape and processes to handle the data requirements of a franchised bus network),

- network planning & mobilisation (to lead the organisation in transition to a wholly controlled West Yorkshire bus network, ensuring a smooth transition whilst contracts are let),
- contracting (to lead the organisation in transition to establishing a coherent and commercially viable contracting approach to letting franchised contracts for the West Yorkshire network)
- and assets (to lead the organisation in transition through the asset acquisition and mobilisation for delivering bus franchising, setting out longer term approaches to effective ongoing management and policy).

2.145 For EP+ these workstream areas are the transition in relation to;

- network (To lead the organisation into EP+ bus network, ensuring a smooth transition from EP to EP+),
- fares and ticketing (To lead the organisation in transition to a simpler and streamlined ticketing offer, working closely with operators on the design and implementation),
- bus priority (to lead the organisation in delivering bus priority within EP+),
- customers (to lead the organisation for the customer service requirements in EP+, working smoothly with existing teams to transition to delivering EP+ customer services,
- and green buses (To lead the organisation in implementing new activity in relation to zero emission buses as part of the EP+).

2.146 The initial three, six and eighteen month (24 months for EP+) priorities identified for mobilisation for franchising and EP+ is given below:

2.147 3 Month Priorities

- Mobilising initial workstream teams
- Identifying lead roles and responsibilities
- Completing detailed programming
- Prioritising external recruitment and procurement as required
- Evolving governance arrangements for transition

2.148 6 Month Priorities

- Completing priority recruitment activities as required
- Completing finalisation of central strategies – e.g. lotting, depot, fleet
- Commencing key programme deliverables

2.149 18 Month (24 Month for EP+) Priorities

- For Franchising – initial market engagement, commencing of steady state recruitment, commencing key programme deliverables, be ready for procuring contracts
- For EP+ - completion of all transition activities under the new Enhanced Partnership

2.150 Subject to the decision, it is proposed to report back to members at the next Combined Authority meeting in June with further details on the programme of work for mobilisation.

3. Tackling the Climate Emergency Implications

3.1 A key aim of bus reform is to support decarbonisation of the local bus network and provide improved sustainable travel options for the region, to support West Yorkshire's response to the Climate Emergency.

4. Inclusive Growth Implications

4.1 A key aim of bus reform is to ensure the local bus network better supports the Combined Authority's inclusive growth ambitions, including by ensuring better bus connectivity in areas of economic deprivation to major employment sites.

5. Equality and Diversity Implications

5.1 An Equality Impact Assessment has been developed and consulted on to support the Proposed Franchising Scheme, this is included as Appendix 2 to this report. The Equality Impact Assessment concluded that the Proposed Franchising Scheme would have a positive impact on protected characteristics of age, (especially younger and older people), disability (people with physical and sensory impairments), gender reassignment, race, sex, sexual orientation, and pregnancy and maternity. No impact, or neutral impact was seen across the protected characteristics of religion or belief, marriage, and civil partnership.

5.2 The response to the comments raised in the consultation relating to the Equality Impact Assessment can be found in the Consultation Response Report attached at Appendix 2. The main issues raised in the consultation were around vehicle specification, the importance of personal safety, and the ongoing involvement of persons with protected characteristics. An updated Equality Impact Assessment has been provided at appendix

6 to the Consultation Response Report and it should be noted that the Equality Impact Assessment is a live document and further data and insight will be used in the future. If the Proposed Franchising Scheme is made the Equality Impact Assessment will be reviewed after 12 months of implementation.

6. Financial Implications

- 6.1 The costs of the decision on implementing either the Proposed Franchising Scheme or the Enhanced Partnership Plus, including the transition costs, are set out within the Financial Case of the Bus Reform Assessment.
- 6.2 In West Yorkshire, changing to franchising would require an initial, one-off investment by the Combined Authority of £15.1m over four years (transition cost). This would cover things like consultancy, mobilisation, and IT costs. Transition management costs for that four-year period would be an additional £5.3million. The Assessment also sets out the additional costs to the initial one off transition costs associated with implementing the Proposed Franchising Scheme in relation to investing in depots (£85.5million) and fleet (£252 million) over a 15 year period, which would be owned by the Combined Authority. The transition costs for implementing Enhanced Partnership Plus would be £1.9million over a 2-year period.
- 6.3 It is proposed that the initial mobilisation costs for the agreed option are funded from the remaining balance of the approval to produce the assessment, which would provide up to £2,883,150 from the Single Investment Fund. Should the decision be made to progress franchising then further information on the full mobilisation and transition costs required and the recommended means of funding these will be brought to the June meeting of the Combined Authority. The costs of funding the transition costs of the Enhanced Partnership Plus are affordable within the remaining balance of the assessment funding approval.

7. Legal Implications

- 7.1 As set out in the Act, the function of deciding whether to make a franchising scheme is a function of the Combined Authority exercisable only by the Mayor acting on behalf of the Combined Authority.
- 7.2 In making any recommendation to the Mayor that she should make a franchising scheme Members need to be satisfied that:
- the process followed is lawful;
 - the consultation process was fair and enabled respondents to consider all relevant issues and provide an intelligent response;
 - the responses to the Consultation have been appropriately considered and taken into account;

- there is sufficient information to enable the Combined Authority and the Mayor to make such a decision;
- that they have balanced the issues set out by consultees; and
- that they have had due regard to the matters set out in section 149 of the Equality Act 2010 (the Public Sector Equality Duty).

7.3 Members will note that each of these issues is addressed in the Consultation Response Report attached as Appendix 2.

7.4 Officers and external legal advisors are satisfied that the requirements of the legislation have been met in the preparation of the Assessment, the independent Audit of that Assessment and the Consultation on the Assessment.

7.5 The Mayor will also need to consider those matters set out at 7.2 when taking a decision as to whether or not to make a franchising scheme.

7.6 In accordance with the voting arrangements of the Combined Authority, all Combined Authority members may vote on this item with the exception of the Non-Constituent Council Combined Authority Member.

8. Staffing Implications

8.1 The staffing implications of a decision on whether to implement the Proposed Franchising Scheme (or the Enhanced Partnership Plus) are set out within section 2.3 ('Extending the Combined Authority's responsibilities to deliver EP+') and section 2.4 ('Extending the Authority's responsibilities to deliver Franchising') of the Management Case of the Bus Reform Assessment, provided as Appendix 1 to this report.

9. External Consultees

9.1 This report has been informed by the outcomes of the statutory Bus Reform consultation, as set out in Section 2 of this report. A full independent summary of the consultation, completed by DJS Research is included as an appendix to the Combined Authority's Consultation Response, provided as Appendix 2 to this report.

10. Recommendations

10.1 That the Combined Authority:

10.1.1 Notes the completion of the consultation process, its extent and the responses received;

10.1.2 Notes and considers the contents of the Consultation Response Report at Appendix 2 and associated documents, including the Bus Reform Assessment, and endorses the Combined Authority's response to the consultation summarised in this report and set out at Appendix 2;

10.1.3 Recommends to the Mayor that she makes a franchising scheme as set out at Appendix 3, complying with all associated statutory requirements, rather than recommending that the Combined Authority pursues an Enhanced Partnership Plus.

10.1.4 When the Mayor has decided whether or not to make a franchising scheme agree:

- to adopt and publish the Combined Authority's response to the consultation, together with the Mayor's decision as the report to be published by the Combined Authority under section 123G (1) of the Transport Act 2000 (the "Act");
- in accordance with s123G(2) of the Act to give notice to the traffic commissioner (.

10.1.5 If the Mayor decides to make a franchising scheme:

- to publish the scheme set out at Appendix 3 on behalf of the Mayor at the same time as the Consultation Response Report (Appendix 2) to be published under section 123G(1) of the Act;
- at the same time publish a transitional notice in the terms set out in Appendix 4 and then within 14 days of date upon which transitional notice is published, to give notice to the traffic commissioner of its publication on behalf of the Mayor if the Mayor so decides (or alternatively WYCA) as required by the *Public Service Vehicles (Registration of Local Services) (Franchising Schemes Transitional Provisions and Amendments) (England) Regulations 2018*;
- to agree that, in conducting the procurement process for the provision of local services, the Combined Authority will facilitate the involvement of small and medium sized operators in the provision of local services as set out at Appendix 5 (s123 G (3) of the Act);
- to commence with mobilisation of franchising, noting section 0 of this report (Mobilisation).

10.1.6 If the Mayor recommends that the Combined Authority pursues Enhanced Partnership Plus:

- to commence with mobilisation of Enhanced Partnership Plus, noting section 0 of this report (Mobilisation).

10.1.7 Approves the repurposing of the remaining £2,883,150 funding approved for the preparation of the assessment to be used for initial mobilisation costs.

11. Background Documents

National Bus Strategy

Bus Service Improvement Plan

12. Appendices

Appendix 1 [The Bus Reform Assessment](#)

Appendix 2 [The Consultation Response Report](#)

Appendix 3 [Proposed Franchising Scheme](#)

Appendix 4 [Draft Transition Notice](#)

Appendix 5 [Impact on Small and Medium Sized Operators Position Paper](#)