West Yorkshire Combined Authority | Tracy Brabin Mayor of West Yorkshire

Bus Reform Consultation Response Report

March 2024

Contents

1. Introduction

1.1. The West Yorkshire Combined Authority (the Combined Authority) believes it needs to change the way local buses are run to achieve our ambitions for better buses in West Yorkshire.

1.2. Buses play a vital role in West Yorkshire, getting people to places, connecting our communities, and shaping our economy. But evidence shows passengers face many challenges resulting in poor satisfaction and fewer people choosing to travel by bus. The way that buses are currently run gives the Combined Authority limited ability to change this.

1.3. The Combined Authority has assessed two options available, the Enhanced Partnership Plus (EP+) and the Proposed Franchising Scheme, in the Bus Reform Assessment (the Assessment) which were both compared to the way buses are currently run, the Enhanced Partnership Reference Case (EP Reference Case).

Purpose and background

1.4. This report is required by the Transport Act 2000 (as amended by the Bus Services Act 2017) ("the Act") in response to the Combined Authority's Bus Reform Consultation. Following the consultation, the Combined Authority must prepare and publish a report setting out our response to the consultation alongside a decision as to whether or not to proceed with the Proposed Franchising Scheme.

1.5. This report forms part of the response and looks to address issues raised by respondents, including setting out any changes to the Proposed Franchising Scheme following the consultation.

1.6. It is the Mayor of West Yorkshire that takes the decision as to whether or not to proceed with the Proposed Franchising Scheme.

1.7. Following the consultation, this report looks to communicate the key themes of the consultation and present the findings which will both be published for the public and used to inform the Mayor's decision on bus reform. This report is published alongside a report provided by our external analysis partner, DJS Research, who carried out independent verification and coding of responses to the consultation. The report sets out:

- The Combined Authority's approach to analysing the responses received as part of the consultation.
- The Combined Authority's response to the independent report and analysis undertaken by DJS Research including:
  - A breakdown of the themes across the consultation, including responses from statutory consultees
  - Any proposed changes to the scheme

1.8. This report is part of the Combined Authority's response to the consultation and will be supported by further considerations of:

- Whether the Combined Authority believes the Proposed Franchising Scheme should be made, with or without modifications; and
- If the Proposed Franchising Scheme should be made with modifications, what these modifications should be and whether any further consultation is required. This report explains how any modifications would be proposed to account for the responses to the consultation.

Structure of this report

1.9. This report is set out in sections that reflect the Bus Reform Consultation Document and accompanying questionnaire used within the consultation. It is therefore set out over the following sections:

- Section 3: Proposed Franchising Scheme

- Section 4: Strategic Case
- Section 5: Economic Case
- Section 6: Commercial Case
- Section 7: Financial Case
- Section 8: Management Case
- Section 9: Equality Impact Assessment
- Section 10: Assessment Conclusion

Consultation overview

1.10. At its meeting on 28 September 2023 the Combined Authority decided to undertake consultation with statutory consultees, as detailed above. The Combined Authority agreed that consultation be undertaken of all statutory consultees as listed in section 123E(4) of the Act, as well as the general public more broadly.

1.11. The purpose of the consultation is for the Combined Authority to consult widely on the proposals included within the Assessment. The consultation gave the opportunity for local passengers, businesses, and transport providers to comment on the proposals in the Assessment before the Mayor makes a decision on whether or not to implement the Proposed Franchising Scheme.

1.12. The consultation ran from Tuesday October 10 2023 and closed at 11:59pm on Sunday 7 January 2024. To inform consultees, and as required by section 123(E) of the Act, the following documents were published on launch of the consultation:

- The Consultation Document, detailing the information required under Section 123F of the Act;
- The Bus Reform Assessment (“the Assessment”) which assessed the Proposed Franchising Scheme;
- The Auditor’s report on the Assessment – Grant Thornton’s Independent Auditor report; and
- Supporting documents to the Consultation Document and the Assessment including an Equality Impact Assessment (EqIA) and a document detailing the case for change (Buses in West Yorkshire – Evidence for Reform).

1.13. The Combined Authority used best practice examples and aimed to make the consultation materials as accessible as possible to interested persons and organisations, ensuring a range of events were provided to improve this access. This looked to ensure that a wide range of views could be inputted into the consultation.

Consultation methods and response

1.14. At the close of the consultation there was a total of 1,245 responses. Of those who responded to the consultation, 1,176 were from members of the public and 69 were from stakeholder organisations (including elected representatives).

Table 1.1: Consultation response by channel and consultee type

Response channel		Members of the public	Stakeholder organisations	Overall total
Response Form	Short	1,024	24	1,048
	Long	148	27	175

Email/whitemail	4	18	22
Total	1,176	69	1,245

1.15. In addition to the responses in the table above, there were 14,960 responses categorised as campaign responses. This comprised of 2,677 emails from an organised email campaign, 12,182 submitted as part of a petition as well as 101 printed response postcards. Further details on these responses – including common themes and additional points raised - can be found in Section 5 of the DJS Research Report at Appendix 3.

Questionnaires

1.16. The primary response mechanism was an online questionnaire, available via the Combined Authority's YourVoice consultation platform. There were two versions of the consultation questionnaire. The short version which was set out throughout the Executive Summary of the Consultation Document and the long version which may have been more appropriate for respondents who had a good level of knowledge and interest in the bus market as it contains more questions – some of which are more complex.

1.17. As well as submitting questionnaires online, both the long and short questionnaires could be requested in printed form, with consultees able to return these via the Combined Authority's freepost address.

1.18. A total of 1,245 questionnaire responses were received, across all channels.

1.19. A copy of the questionnaires can be found in Appendix 1. All respondents were encouraged to read the corresponding sections of the Consultation Document before answering the questionnaire.

Alternative ways of responding

1.20. In addition to the opportunities discussed above, other opportunities were provided for respondents to share their views which were outlined within the Consultation Document. This included:

- Letters and emails via dedicated postal and email addresses.
- Questions submitted through our telephone contact centre, Metroline.
- Online question and answers submitted through our YourVoice platform.

1.21. Responses received in this way were processed through the same way as questionnaires received and detailed below.

Campaign responses

1.22. The DJS Research report defines a campaign as "*a co-ordinated approach by an individual or organisation to facilitate others into submitting responses*". A total of 14,960 campaign responses were received. This comprised of 2,677 emails from an organised email campaign and 12,182 submitted as part of a petition.

1.23. Emails were received from the email campaign ran by WeOwnIt. A number of templates were provided via the campaign website which participants could also edit if they desired. In addition to the online campaign, 101 pre-printed postcards from the same campaign were received to the consultation free post address.

1.24. A petition was sent by 'Better Buses for West Yorkshire' signed by 12,182 people which was delivered by hand on 5 January 2024. It should be noted that the Combined Authority understands the collection of signatures predates the launch of the Bus Reform consultation in October 2023 and therefore reflects general support for bus reform rather than being a direct response to the Proposed Franchising Scheme, as set out in the Assessment.

1.25. Further details on these responses can be found in the DJS Research Report.

Events

1.26. The consultation also included 62 awareness raising and public events which gave additional opportunities to gather feedback. Further detail on these is included within Appendix 2 and within the DJS Research report at Appendix 3. Insight from qualitative research is also discussed within section 4.10 of this report.

1.27. The events included:

- Targeted engagement activity – 15 drop-in and discussion events to encourage responses from seldom heard groups and those with protected characteristics.
- Awareness raising activity – 23 public information flyering events covering each bus station in West Yorkshire and 11 flyering events at non-transport locations.
- Presentation events – 10 public questionnaire and answer events in city/town centre locations.
- Webinars – two online webinars providing information to members of the public and interested stakeholders.
- Qualitative focus groups (facilitated online by DJS Research) - 5 focus groups with respondents identified as being impacted by bus reform in the Equality Impact Assessment.

2. Consultation response review

2.1. Introduction

2.1.1. Responses received during the consultation were sent to DJS Research – our external analysis partner – who were the consultancy appointed by the Combined Authority to analyse and categorise responses through coding.

2.1.2. The Combined Authority stored and transferred all responses to DJS Research in line with the requirements of the Data Protection Act (2018) and the General Data Protection Regulations (GDPR).

2.1.3. DJS Research produced a separate report, the "*Bus Reform Consultation Summary Report*" (the DJS Report) which summarises and categorises the responses received. This report has been published alongside this report.

2.1.4. A variety of processes were adopted during the consultation period including:

- Online YourVoice questionnaires: the Combined Authority were responsible for sending a data download from our YourVoice platform on a weekly basis.
- Email responses: the Combined Authority were responsible for sharing all email responses (including campaign responses) that were directly received by the Combined Authority to DJS Research.
- Paper questionnaires: these were shared with DJS Research in the weekly data download after being manually inputted into the system.

2.1.5. DJS Research were responsible for producing a codeframe for all questionnaire responses. This allowed questionnaires to be analysed through categorising and coding open text responses in a thematic approach. The full report is included at Appendix 3 of this report.

2.1.6. In addition, the Combined Authority took a review of the following responses:

- Statutory consultees – full review and response (see sections 3 – 10 plus copies of statutory responses in Appendix 4)
- Questionnaire responses submitted via YourVoice – a 10% quality assurance check across the DJS Research codeframe was undertaken.

2.1.7. Further methodology is set out below. For the purposes of this report, key themes from comments from consultees are set out alongside each case of the Assessment (see sections 3 to 10 below). This includes the Combined Authority's responses to these comments.

2.2. Analysis of consultation responses

DJS Research review process

2.2.1. To process the responses received from questionnaires, DJS Research created a codeframe from an initial set of responses and developed this as more responses were received. The Combined Authority were sent the codeframe on a weekly basis to understand how categories were evolving and to ensure verification of this as the process progressed.

2.2.2. As a quality assurance check, the Combined Authority reviewed 10% of all responses received to ensure that responses were coded to appropriate categories. This was undertaken to review how DJS Research had coded the responses and to provide reassurance that responses had been coded correctly.

2.2.3. The quality assurance process reviewed 10% of the total responses by selecting every tenth response until the sample size was met. The exercise demonstrated that the majority of the coding was completed at a high standard, however a few issues were identified including clarification on how the ‘if/but’ responses were coded. This resulted in adjustments to the entire codeframe to ensure these nuances were correctly coded.

Combined Authority review process

2.2.4. As stated above, in addition to the codeframe produced by DJS Research, the Combined Authority reviewed responses to the consultation to consider respondents’ views and concerns to ensure that any questions or modifications to the Proposed Franchising Scheme were identified and responded to. The Combined Authority reviewed all responses from statutory consultees, including bus operators, local authorities and unions representing employee of bus operators (see Appendix 4 for all responses).

2.2.5. The review process involved appropriate Combined Authority officers, and consultants who developed the Assessment. This ensured the review was undertaken by those with the correct expertise and level of knowledge of the subject matter when reviewing responses.

Approach to late responses

2.2.6. The consultation closed at 11:59pm on 7 January. As the Combined Authority provided a Freepost address, it was agreed that a cut off of Friday 12 January would allow any final postal responses to be received.

2.2.7. Four responses were received after the consultation deadline. These responses comprised of organisational or statutory stakeholder responses. Postal responses received after the consultation were given a grace period of 7 working days to reflect timelines associated with postage.

2.2.8. Any late responses have been summarised separately to those received within the consultation timeframe within the DJS Research report.

2.2.9. At stated above, several of the late responses were from statutory consultees. This included Transport for Greater Manchester (TfGM). TfGM notified the Combined Authority that they would not meet the consultation deadline and their response would be submitted late. TfGM’s response was received on 11 January 2024. Wakefield District Council also gave prior notice that their response would be late on 5 January 2024. This response was received on 12 January 2024. Two other late responses were received from the Traffic Commissioner (received 22 February 2024) and Chief of Police (received 15 February 2024). All of these responses were reviewed with the same methodology applied to other statutory consultee responses to ensure a fair and consistent analysis was undertaken. Within the DJS Research report late responses are analysed separately within section 14 (see Appendix 3). The late responses have been included within the theme narratives within this report.

2.3. Approach to reviewing qualitative research

Introduction

2.3.1. In addition to the approach of coding and producing a report on the questionnaire responses, DJS Research were commissioned to engage specific groups to get a more detailed understanding of the implications of bus reform on their future.

2.3.2. Qualitative research methods looked to explore the Assessment, allowing detailed presentation of particular issues and two core strands of qualitative research were adopted.

2.3.3. The Combined Authority has reviewed and considered findings of these qualitative methods alongside the findings of the main report.

Town hall events

2.3.4. These events provided an afternoon (14.00-15:30) and evening session (17.30-19.00) at a central location in each of the five local authority districts in West Yorkshire. The Combined Authority presented information at these meetings, with DJS Research providing support in attending and capturing feedback. The purpose of the events was to enable members of the public to learn more about the proposals for bus reform in West Yorkshire (as set out in the Consultation Document), ask questions and seek clarification regarding the proposed options. Full details of these events can be found in DJS Research's report (Appendix 3, section 13).

Focus groups

2.3.5. DJS Research designed, recruited and moderated five focus groups targeting specific groups which were identified as being most impacted by bus reform in the Combined Authority's Equality Impact Assessment (EQIA). These groups were:

- 11-16 year olds who use bus at least once per week;
- 16-21 year olds who use bus at least once per week;
- Those who travel into and out of the Combined Authority area at least once per week (cross-border);
- Those who are eligible for a senior bus pass, with half of the group using the bus at least once per week and the other half not using it at all (seniors); and
- Those in employment who use the bus at least once per week (commuters).

2.3.6. These focus groups were set up online with the aim of asking for participants feedback on current bus usage and experiences as well as views on the Proposed Franchising Scheme. Analysis was undertaken and incorporated into the final research report with full details provided within section 13 of the DJS Research report (Appendix 3).

3. The Proposed Franchising Scheme

3.1. Introduction

3.1.1. This section looks to set out the responses received through the Bus Reform consultation on the Proposed Franchising Scheme across the short and long questionnaire and the conclusion of the Assessment.

3.1.2. The Proposed Franchising Scheme is the draft of the legal scheme which is required to be made in accordance with the Act in order to implement franchising across buses in West Yorkshire. The details included within the Proposed Franchising Scheme included:

- The date on which the franchising scheme is to be made, this was expected to be 14 March 2024;
- The date the franchising scheme would come into operation, this was expected to be 28 June 2026;
- Details on franchise contracts including the minimum mobilisation period (the time between a contract start date and buses being on the road) which was specified as nine months;
- Information on the routes included in the franchising scheme and services which will not be included (see Annex 1, 2 and 3 of Appendix 5);
- Details on plans for consultation on the operation of the scheme (see paragraph 8);
- The variation and revocation of the existing enhanced partnership plan and schemes.

3.1.3. The Proposed Franchising Scheme sets out the franchised bus network, with franchising powers allowing the Combined Authority to determine service frequencies and timetables for these routes. Bus operators would bid to run the bus services included in the Proposed Franchising Scheme through a competitive procurement process managed by the Combined Authority.

3.1.4. Franchised bus services would be operated by bus operators under franchise contracts, with the Combined Authority able to set routes, fares, frequencies and customer service standards. Once the Proposed Franchising Scheme is in place all services will be required to operate under franchise contracts, be excepted from the scheme or have been granted a service permit.

3.1.5. In the long questionnaire the following questions were asked:

Q1. Do you have any comments on the proposal that the Proposed Franchising Scheme should apply to the entire West Yorkshire region?

Q2. Do you have any comments on the proposal to split the geographical area of the Proposed Franchising Scheme into ten zones to be procured across three rounds?

Q3. Do you have any comments on the local services that are proposed to be franchised?

Q4. Do you have any comments on the services which are exempt from regulation under the Proposed Franchising Scheme?

Q5. Do you have any comments on the date on which the Proposed Franchising Scheme is currently proposed to be made, 14 March 2024?

Q6. Do you have any comments on the date on which it is proposed that the first franchise contracts would be entered into, 28 June 2026?

Q7. Do you have any comments on the nine–month period it is proposed will expire between entering into a franchise contract and the start of a service under such a contract (mobilisation period)?

Q8. Do you have any comments on the proposals for how the Combined Authority would consult on how well the Proposed Franchising Scheme is working?

3.1.6. This section discusses issues raised in response to these questions through submissions to the Bus Reform consultation across emails, letters and the online questionnaire. The structure of this section reflects the key themes identified across these responses.

3.1.7. This section also looks to consider the wider public responses to the consultation which are quantified and analysed in the DJS Research report. The DJS Research report showed an overall agreement to the question on the Proposed Franchising Scheme applying to the whole of West Yorkshire and a range of view relating to the other seven questions in the long questionnaire.

3.1.8. One of the main issues raised in the DJS Report from public consultees was around timescales for the Proposed Franchising Scheme to be made, the date on that the first franchise contracts would be entered into, and the nine-month period it is proposed will expire between entering into a franchise contract and the start of a service under such a contract. Many public respondents wanted the timescales to be brought sooner, while others felt that they were too ambitious. Public respondents also expressed a desire for regular communication relating to with residents and passengers relating to how the Combined Authority would consult on how well the Proposed Franchising Scheme is working.

3.1.9. Consultees provided comments across each of 8 questions related to details of the proposed franchising scheme draft document. These are considered each in turn in this section, before the chapter picks up further comments specifically from bus operators of particular impacts of the scheme in general on operators.

3.1.10. The section is structured as follows:

- Applying franchising to West Yorkshire geography
- Lotting Strategy
- Services to be franchised
- Exempt services
- Decision date
- Entry into first contracts
- Mobilisation period
- Consultation
- Conclusions on the feedback received on the proposed franchising scheme

3.2. Theme 1: Applying franchising to West Yorkshire Geography

3.2.1. Comments were received supportive of the proposed approach to applying the franchising scheme to the whole West Yorkshire geography. As outlined in the DJS Research report, over half of public respondents to this question agreed that the scheme should apply to the whole West Yorkshire geography. Some comments from statutory stakeholders explained why they were supportive, with points made about the consistency of services for passengers, integrating of planning and achieving economies of scale. First West Yorkshire make a particular point that: "*It would be appropriate to apply the Proposed Franchising Scheme (the "Scheme") across the whole geography of West Yorkshire ("WY"). This would ensure alignment with transport policies, aims and objectives, which are specified and applicable across the entire region."*

3.2.2. In some cases, whilst supporting the application across the entire West Yorkshire geography, specific comments were made about how this approach would recognise that the region contains specific areas with different needs and requirements. Confederation of Passenger Transport (CPT) say that "*West Yorkshire is a complicated mix of towns/cities and rural/urban which are not* *easily comparable to each other, with inconsistency across patterns and passenger types. It would be difficult to franchise parts of the network which would create additional challenges in cross boundary by adding artificial boundaries."*

3.2.3. It was also referenced by some that the geography of the West Yorkshire Combined Authority is an artificial creation, and that it cuts across some communities, and that there is interconnectivity.

3.2.4. Other responses recognise this difference in geography as a rationale for doubts about how franchising would work in West Yorkshire. TLC for example state: "*However, the county is very diverse with specific identities so there is concern that franchising would not work effectively in all areas, particularly rural."* Transdev stated differences across West Yorkshire operations and commented that "*A unique Franchise contractual framework is feasible in West Yorkshire region but it does not seem adapted to the specificities of the different urban and rural areas.*"

3.2.5. A further set of comments, which in the whole were still supportive of the proposal for applying franchising to West Yorkshire geography, raised cross-boundary as an issue that needed to be given particular consideration. For example, Stagecoach made the following comment: "*An effective approach will be required for services which cross the Franchise boundary, for example, Barnsley to Wakefield and Pontefract. Cross border services have been a challenge in other Franchised regions such as London and Manchester. An effective solution is needed to deliver the desired customer benefits, including simple fares and ticketing, and matching neighbouring authorities aspirations on every journey."*

3.2.6. On cross-boundary services, Arriva make a point about the viability of some of their existing services: "*Arriva Yorkshire operate cross boundary services into North and South Yorkshire, along with services into East Riding. Services operating into other counties, particularly Selby in North Yorkshire may be placed at risk if our operations in the surrounding area were reduced as many of these services are only sustainable through the existing cross subsidy of overhead costs. This may result in a decrease in services to key employment locations outside of West Yorkshire where residents from West Yorkshire travel to such as Sherburn. Some of these challenges are already seen to a lesser extent with the Mayor's Fares where West Yorkshire residents travelling cross boundary are unable to benefit from cheaper fares."*

A similar point was also made by Dales and Bowland Community Interest Company (Dales and Bowland CIC) about viability of cross boundary and also out of region services: "*It is unclear at this stage how cross-boundary and out-of-area services can be provided from within West Yorkshire under the proposed new scheme. For example, if the main bus depot in Keighley is allocated to a new franchise operator what happens to the cross-boundary services (e.g. 64 and 66) and out-of-area services (e.g. Skipton to Grassington service 72) which are currently operated by Transdev from that depot commercially or under contract to North Yorkshire Council? We are concerned that such services which need to be enhanced could end up being cut as a result of the implementation of franchising.".* In terms of comments that did not agree with the proposal of applying franchising to the West Yorkshire geography, Better Buses for West Yorkshire suggest that wider Yorkshire has a stronger identity and economic integration, and that a scheme should be explored with at least South Yorkshire. Bus Users UK provided both pros and cons in response to this question, without providing an overall conclusion, but noted on cons that there are diverse needs across West Yorkshire, that implementation could be complex and that small and medium size operators might find it challenging to compete.

The Combined Authority's response

3.2.7. The Combined Authority acknowledges the points raised on a West Yorkshire wide scheme supporting consistency across the region for passengers and that this aligns with wider transport policies that are for that geography.

3.2.8. It is recognised that West Yorkshire does contain a diverse geography, particularly with urban and rural areas, something that is central to our identity and wider place policies. In balancing this with providing a consistent and coherent approach to bus services the Proposed Franchising Scheme has been designed in a way that attempts to recognise the different types of services and networks within the region, in particular through the lotting strategy, which includes both zoning and the allocation of services to different sized lots.

3.2.9. The issue of cross-boundary services has been considered in the assessment (section 6.4 in the Commercial Case) and is picked up further in other parts of this chapter and in response to comments on the Commercial Case. On how cross-boundary services are impacted by a decision to apply the proposed franchising scheme to the whole of West Yorkshire, it is worth recognising that the franchising scheme itself can only apply within the West Yorkshire Combined Authority boundaries (unless a scheme is developed jointly with other Local Transport Authorities). The points raised on needing to ensure there is an effective approach on cross-boundary are agreed with, and the use of a permit scheme (as referenced in some comments) is a key part of the Combined Authority's proposals which is discussed in more detail in section 6.4 on the permit regime.

3.2.10. In response to the point raised by Stagecoach on simpler fares and ticketing, the Commercial Case sets out that the service permit regime could consider the inclusion of a requirement for operators holding service permits to participate in regional ticketing schemes where these were beneficial to passengers. In further development of the service permit regime and consultation on this the Combined Authority would seek to understand in detail what the impacts of involvement in a West Yorkshire franchised ticketing regime within the borders of West Yorkshire would be. Regarding Stagecoach's point about matching neighbouring authority aspirations, the Combined Authority has engaged with neighbouring authorities on the scheme and considered the impact of the scheme on the policies of neighbouring authorities, and feedback received suggest that these are broadly aligned, and there is a commitment to ongoing dialogue on these issues.

3.2.11. On the particular challenges raised by Arriva and Dales and Bowland CIC about cross-subsidisation of cross-boundary services and running of services out of the region from West Yorkshire depots, it is recognised that there could be some potential adverse impacts of the scheme on those services that would not be subject to the proposed franchising scheme, particularly cross-boundary services. The vast majority of cross-boundary services are currently operated commercially, and under the proposed franchising scheme, the part of such services which operates within West Yorkshire could continue to be run under the service permit regime within the franchise area, assuming such services meet the criteria for the granting of a service permit. Where services that are currently considered commercial by an operator but could become uncommercial by the introduction of franchising, as described by Arriva, then the Combined Authority would have the ability if necessary to let those services, if they cease commercial operation, (with the services permitted as cross-boundary services within West Yorkshire), as would neighbouring authorities. As part of evolving the depot strategy, consideration would be given to whether there could be additional capacity to support some of these services within an Authority provided Lot A depot, should those services require letting as secured services under existing powers, whilst ensuring that such an approach did not distort competition in respect of those services, by providing a benefit to the Lot A operator. This is also in line with a comment received from Stagecoach in relation to special event services (see section 3.5.5), which the Combined Authority could also consider treating in the same way. Where services might operate wholly outside of West Yorkshire, but are currently operated from a West Yorkshire depot, the Combined Authority would not have powers to let such services and these services would not be subject to the service permit regime. Whilst it is possible that the operators of any such services may need to make alternative arrangements if they were unable to operate these services from a West Yorkshire depot, the Combined Authority does not believe that this would affect a significant number of services, and the Combined Authority would work with neighbouring local authorities to consider practical alternatives which it may be possible to implement to mitigate the impact on any such services outside West Yorkshire.

3.2.12. On the suggestion that a franchising scheme is developed jointly with South Yorkshire or a wider Yorkshire geography, this is not something that the Combined Authority is looking to pursue with those authorities, and those authorities have also not suggested to us that there is a desire to do so. In the case of North Yorkshire, at the date of the consultation, they were not a mayoral combined authority and therefore did not have the powers to proceed with a franchising scheme without consent from the Secretary of State. In the case of South Yorkshire, they are also in the process of assessing bus franchising, within their own governance processes. As recognised by the majority of responses, there is strong support for a West Yorkshire approach, and this aligns with wider transport priorities at a regional level. It is however recognised that close working with our neighbouring authorities is essential to successful delivery of bus reform, and consideration has been given to how the proposed franchising scheme contributes to policies and strategies of those areas. We will continue to work closely on implementation if a decision is taken to pursue a franchising scheme, including specifically on how the permit scheme will be designed, and if necessary, modify the West Yorkshire scheme at a later date to ensure the approaches work together if other areas introduce new arrangements.

3.2.13. The challenge raised on complexity of implementation is one that has been considered by the Combined Authority and has informed the transition approach detailed in the commercial case and the length of transition as a result. It is considered however that applying franchising to a different geography would in some ways be just as complex given the interconnection of networks in the region, and the need for alternative arrangements to meet strategic objectives around improved experience for customers in the whole Region.

3.2.14. On issues in relation to the impact of the geographic extent of the scheme on small and medium size operators, these are picked up more generally in the commercial case. It is recognised that applying the proposed franchising scheme for a West Yorkshire geography has impacts on operators that work within that geography, which have been considered in the assessment, but it is not expected that there is a greater impact on their ability to compete generally for franchising services on applying this geography than applying a different geography. Positively there should be a greater number of contracts available under a franchising scheme for a West Yorkshire geography, which creates opportunities for small and medium size operators, further supported by contract conditions of Lots B and C which are designed in a way to provide opportunities for Small and Medium sized Operators (SMOs) to tender. This is the subject of section 6.6 of the Commercial Case.

3.3. Theme 2: Lotting Strategy

3.3.1. The second question of the long questionnaire asked for comments on the proposal to split the geographical area of the Proposed Franchising Scheme into ten zones to be procured across three rounds. There are strong links between responses received here in relation to the Proposed Franchising Scheme and the lotting strategy of the commercial case. We have considered some issues here in relation to the specific question asked on zones and procurement rounds but pick up additional points on lotting in the chapter on Commercial Case (see section 6.7).

3.3.2. A number of comments, including from Transdev, Calderdale Council and TfGM, were supportive of the zoning approach as suggested from the proposed franchising scheme. In supporting the approach, a number of comments were made about this supporting the phasing in of the franchised network. Bus Users UK also suggested a possible positive feature of this approach being the ability to focus on procurements, recognising the unique requirements for each zone area. There were also suggestions about resourcing efficiencies and allowing learning. As outlined in the DJS Research report, about a quarter of public respondents to question 2 of the long questionnaire supported the zoning approach (30 responses), while less than one in ten did not support it (9 responses).

3.3.3. Some comments sought further clarification in relation to the zoning approach. CPT asked for clarification on the decision-making process to determine the sub regions, and there were specific asks around clarity on services allocated in the Leeds lots by TfGM and between Keighley and Bradford zones by Bradford Metropolitan District Council. There were also comments from Ross Travel Group (and Globe and Station Coaches) about recognising the importance of links between different zones, citing in particular Kirklees and Wakefield districts. In suggesting their support for the approach, Squarepeg questioned as to whether "*there are already sufficient resources in each zone to deal with the routes to be operated*".

3.3.4. Stagecoach made a point that *"In our view, there are inconsistencies in the geographical split and phased roll out of contracts for each round. The underlying structure and mapping of depots and routes will be key to delivering efficient operations."*

3.3.5. As with other questions, Bus Users UK provided pros and cons in their response. In terms of cons, they suggested that the zoning approach could lead to fragmenting of services, inequalities in service quality due to timing differences, logistical complexity and challenges for operators to adapt if they operate in multiple zones. Stagecoach also mentioned the number of inter-urban zones and that this might make transition disjointed for customers.

3.3.6. Just Transition Wakefield in their response suggested reconsidering the zoning to prioritise economic excluded areas. A different phasing was similarly considered by Friends of Dales Buses, but from the perspective of areas with perceived poor service coverage.

3.3.7. Better buses for West Yorkshire suggested that although they could see the benefits of a rounds-based approach, they wanted to see franchising delivered at speed with additional resources as needed to enable this.

The Combined Authority's response

3.3.8. The Combined Authority recognise the comments from consultees in support of the proposed zoning and rounds approach. It is intended, in line with the wider lotting strategy, that the approach effectively supports the Combined Authority to manage and plan the transition of the network from the existing deregulation to franchising. Further detail on how this approach was developed, is contained in the Lotting Strategy document of the assessment. In response to the point raised by CPT on decision making to determine this, the Lotting Strategy, which formed part of the Assessment published with the consultation documents, explains how the proposals were developed by officers, and this approach was then endorsed by the Combined Authority in submitting the Assessment to audit and then consultation.

3.3.9. In terms of other clarifications requested in terms of the approach to Leeds lots and Keighley and Bradford zones, as detailed in the lotting strategy the zoning approach developed is based around the major bus destinations in the city region, and the operation of the existing bus network which is centred around depot locations. In the case of Leeds, due to the size and extent of bus services it was split into three, as three larger contracts, each with their own depot allows services to be provided within a proximity to the location of the depot and of a scale attractive to competition. Therefore, providing a greater level of operator efficiency, in comparison to a single Leeds lot. Routes in Leeds were allocated to these three zones based on existing operations, including locations of depots and grouping of services, and to ensure each lot has a broadly similar peak vehicle requirement (PVR). These are less geographically separate than the other zones. It is recognised by the assessment that two of the lots currently contain services that are predominantly delivered from a single depot in Hunslet, and that therefore if this was to be split into two lots this would require provision of a new depot (which is considered in the capital costs for the franchising scheme). The potential for disruption from splitting Leeds across three rounds was considered in developing the proposed lotting order, however it was concluded that the advantages of the approach set out outweighed this.

3.3.10. As the Keighley and Bradford zones have been based around existing operations, it is believed that this does reflect the geography of delivery in the Wharfedale area as requested by Bradford Metropolitan District Council.

3.3.11. On the point raised about recognising connections between zones, particularly Kirklees and Wakefield, these have been considered, and the resultant zoning approach looks to balance those links based on the existing network. The inclusion of a Heavy Woollen District recognises in particular some of the key interconnections between specifically parts of Kirklees and Wakefield, but also into the south of Leeds and to Bradford. The rounds have also considered this a priority for the first round of franchised contracts to recognise the role particularly of this zone in connecting different local authority areas of West Yorkshire.

3.3.12. Utilising the existing network as a basis is also a clear rationale in response to the question raised by Squarepeg about sufficient resources, where it is suggested that applying the franchising scheme to the existing network should mitigate some risks in relation to available resources. It is recognised however that this isn't guaranteed, as has been pointed out in a number of other consultee responses and would require careful management between the Combined Authority and future successful franchisees, working with current operators. This is dealt with in more detail in the Management Case section.

3.3.13. On the point raised by Stagecoach on geographical and roll out inconsistencies, although they refer to geographical and roll out inconsistencies, they do not then provide an express example of this, making it more difficult to identify what they are seeking to refer. As outlined in the lotting strategy, the Combined Authority has looked to apply lotting approach principles to its decision on lotting, with a focus on balancing of the commercial impact, grouping geographically and passenger demand. The phasing of contracts across three rounds is considered to be consistent with these principles and in the timings that are proposed for contracting and mobilisation. It is agreed that the underlying mapping of depots and routes are therefore important to a finalised lotting strategy, and it is recognised that in the case of the Leeds lots in particular this will need to consider the impacts of possibly splitting existing services from the current depot in Hunslet.

3.3.14. In terms of the cons of the approach raised by Bus Users UK, the approach to zoning on the basis of the existing network and depot operations is intended intentionally to minimise the fragmentation of services. There is also no intention to manage these zones in a different way, although as pointed out the service requirements in different geographies are not the same. On inequalities in services, it is recognised that to some extent a transition period does pose risks to service inequalities in the short term as services are introduced. It is however the case that the region already has differences in terms of service quality in the current market, and that it is intended that with the introduction of the first franchised contracts some benefits across all services can be achieved immediately – such as the availability of a single ticketing approach. On logistical complexity, as referenced by Bus Users UK the transition planning approach will be essential to ensure coordination between rounds, but it is recognised in the commercial and management case of the assessment that this will be a complex undertaking that requires management. Given the major transformation that franchising would be introducing, it is the Combined Authority's view that it is a more manageable risk to manage the complexity than to coordinate for a single round of procurement. And on the challenges for operators who operate in multiple zones, this has specifically been considered in the lotting strategy, where consideration has been given to minimise the potential for all of an operator's services to be franchised in the same round.

3.3.15. On the Stagecoach point about inter-urban zones, it is recognised that there is a risk that would need to be managed about the communication of change and the process of delivering transition. A clear communication plan during transition would be essential to managing this risk, as well as looking at what consistencies can be delivered across the network at the time of the first services being operational, including the availability of a single ticketing approach. Over time however, it is proposed that franchising would maximise the objective of improved experience for customers.

3.3.16. In response to the points raised about alternative phasing of the lotting strategy, the Combined Authority has considered a number of different principles that balance the commercial impact, grouping geographically and passenger demand. Whilst it is recognised that there are areas with higher levels of deprivation in West Yorkshire, and varying levels of service coverage currently, maximising the potential benefits of the lotting strategy is likely to deliver the greatest level of benefits to those communities, for example by increasing the possibilities of cross-subsidisation of routes, rather than an approach to target the phasing at those areas and risk adverse such as less competitive tenders and possibly less services delivered. It is also important to emphasise that the proposed franchising scheme would be based on the current network at the start, and not seek to make wider network reorganisation in the initial franchising, recognising the logistical challenges of transition from a de-regulated to regulated bus system will cause some transition risk, and looking to therefore reduce the impact of such changes.

3.3.17. Finally, in response to the point on the speed of the rounds-based approach, it is recognised that delivering benefits as quickly as possible for customers is a key part of a potential successful transition to franchising. Careful consideration has been given to the timescales of delivering the various activities required during transition, and it is the Combined Authority's view that the timetable proposed provides the best balance between speed and deliverability, recognising in particular timescales required to deliver infrastructure assets such as depots (as pointed out elsewhere in consultation responses, discussed in section 6.3). Therefore overall, the Combined Authority remains of the view that the current timetable balances the risks appropriately between the desire for accelerated delivery and the need to manage transition risk and the tasks that need to be completed.

3.4. Theme 3: Services to be franchised

3.4.1. The third question of the long questionnaire asked people to comment on the local services that are proposed to be franchised under the proposed franchising scheme. Here comments were received from stakeholders with regard to particular types of services and how they are anticipated to be dealt with by the scheme. Under this question a number of comments were raised with regard to the lotting strategy and in regard to future network development. These issues are dealt with in the Commercial Case section 6.6 and the Strategic Case section 4.9 of this report.

3.4.2. On 4 December 2023 a revised version of the Proposed franchising scheme was uploaded on the consultation website, and all statutory stakeholders made aware. This revised version made corrections to the list of services in the draft Proposed Franchising Scheme published with the consultation report to ensure that the lists of services were consistent with paragraph 3.4 of the consultation document.

3.4.3. A number of consultees responded with comments suggesting that services have been missed off from the list, although details of which services were not given, so this may be a result of looking at the draft of the scheme prior to 4 December 2023. If that is the case, then the updated scheme should have addressed this issue. Others commented that there were insufficient details on the services, with some suggesting that numbered services should be included. Dales and Bowland CIC make reference to the list being updated, but that the list could still be clearer "*Various errors in the first draft have now been corrected, but it would have been helpful to include a full list of numbered services to help explain some of the network rationalisation proposals later in the documen*t."

3.4.4. A number of comments from bus operators also suggested that information regarding which routes would be allocated to each depot would be important information for operators. Stagecoach made reference to the lotting strategy in stating that it was difficult from the maps to understand the allocation of routes to depots.

The Combined Authority's response

3.4.5. The Combined Authority have reviewed the list of services for the proposed franchising scheme, and if a franchising scheme is made intend to revise that list to reflect changes to services that have taken place since the network that was used as the basis for the assessment. This means that the list of services in any final franchising scheme will reflect the principle of the services operated at the time of the scheme being made, subject to the exemptions outlined in the scheme – scholars' services, rail replacement and any local service specified in the scheme up to the point where the first service contract in which that service is specified (exempt services are discussed further in section 3.5).

3.4.6. In explaining the updates that have taken place to reflect changes to services since the network used for the assessment, the network has evolved significantly since the initial assessment period in 2021. Whilst many services remain the same, others have been amended to reflect the ever-changing nature of bus connectivity in West Yorkshire, during the post-pandemic period.

3.4.7. There are multiple reasons for the rapid change in the Bus Network since the Covid-19 pandemic. These include reduced patronage due to changing passenger behaviours such as hybrid working, changing high streets and increased internet shopping. In addition, there have also been changes as a result of investment into the bus network from local government and operators as the difficult operating environment has impacted the network.

3.4.8. 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.

3.4.9. However, it must be noted that any service that operates as of February 2024, taking account service changes made during that month, 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.

3.4.10. 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 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 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.

3.4.11. School services which have been named have been done so to allow those services to be run as services which can be accessed not only by pupils and staff of their respective educational establishments but also by other members of the general public. If parties wish to run such "open" school services outside the franchising scheme they would require a service permit to do so. Closed school services, which are solely for the use of persons associated with the school are exempted from the scheme as Scholars' Services and can be operated without involvement in the franchising process (both to schools listed in Annex B and other schools within, or providing for pupils of, West Yorkshire).

Section 22 permits

3.4.12. Services currently operated under a section 22 licence (a not-for-profit PSV permit) have been included in the franchised service list. However, the Combined Authority would not seek to franchise these services whilst operated under a Section 22 operational license and would only seek to do so were they to be instead ran as a for-profit bus service.

3.4.13. The approach to listing services by destination rather than services was taken in line with franchising schemes in other areas and is consistent with the Act that requires under Section 123A(3)(a) that an authority should "*identify the local services that they consider appropriate to be provided…*". Whilst current route numbers may have assisted some operators with in depth knowledge of their services, service numbers change and sometimes the route run under a service number is altered and it is believed that this would have caused more confusion to the reader than the approach taken. The Combined Authority also agree with the comment made by Leeds City Council that the list should not be too rigid.

3.4.14. With regard to the comments about the allocation of routes to depots, as is explained in the lotting strategy initially this has been done with the network as assessed. A final decision on allocations would be refined in the implementation stage should a decision be taken to pursue a franchising scheme, recognising also that the final depot strategy and acquisition could also impact on this. The Combined Authority recognise also the particular risk raised by Stagecoach in relation to allocation and Transfer of Undertakings (Protection of Employment_ Regulations 2006 (TUPE) implications and would look to mitigate this risk through early identification of the final allocation of routes to depots if a franchising decision is made to allow sufficient time for this to be communicated. The fact that the Lotting Strategy broadly maps to existing depots and/or groups of services which are currently provided by existing incumbent operators assists in ensuring that TUPE should apply to allow for drivers and other employees who are principally connected to services falling within a franchise contract to transfer under TUPE from their previous employer to the relevant new operator.

3.4.15. A number of comments suggested that the list of services should include all services, including from some public responses and from Calderdale Council and Squarepeg, Squarepeg noting the exemptions mentioned as the exception. Calderdale Council suggested that all school services should be included "*as school services often interwork with scheduled services for example, making operational sense*."

3.4.16. Other comments also focussed particularly on school services. A number of different specific points were mentioned on schools:

- That services to schools outside of West Yorkshire should not be included
- That all Home to School services should be excluded from the scheme
- That all closed-door services should be included in the scheme
- That there is confusion in the scheme as to whether existing Combined Authority contracted school buses will be within or outside the franchised scheme
- That franchising schools on a route-by-route basis that economies of scale are missed in terms of placing them into surplus Lot A depot capacity
- That commercial open school services and other services currently funded by schools or other organisations should be excluded

3.4.17. As is demonstrated from the range of comments, there are diverse views on how schools should be treated under a proposed franchising scheme and there have been different interpretations of the suggested approach to schools services within the published draft franchising scheme document.

School Services

3.4.18. This sub-section discusses issues around school services and the Combined Authority's response to these as raised through the responses in the consultation.

3.4.19. In response to the point made about confusion on whether services are included or not in the scheme, School services are treated separately under the scheme from "scholars' services", which are exempt from the scheme. Under the scheme a Scholars' Service is a service that does not provide transport to the general public, and is used to provide transport for pupils to/from schools in the franchised area, such services are also known as "closed" services. This still leaves other school services which may be run as local services open to the general public but which are particularly timetabled or routed to provide access to a school as falling within the scheme as franchised services. The schools to which these services run are included in Annex 2 to the scheme. It is worth clarifying further that as scholars' services are exempt, it would continue to be possible to run closed Scholars' Services to any school, even those listed in the scheme.

3.4.20. The approach to including school services in the proposed franchising scheme is outlined in the lotting strategy document. This recognises the benefits of including schools contracts, currently contracted by the Combined Authority, within the franchising scheme. It also discusses the balance between services being considered within Lot A contracts, as well as being let as separate smaller contracts. The exact make up of lots would be decided once a decision is taken to pursue a proposed franchising scheme.

3.4.21. Services to schools outside of West Yorkshire are not included in the list of schools at Annex 2 of the document. Some schools were removed from the revised list in the update to the scheme included with the consultation made on 4 December 2023 to ensure that the list was consistent with the assessment. In response to a particular comment from South Yorkshire Mayoral Combined Authority (SYMCA) on cross-boundary academic services, it would depend on whether these services operate as Scholars' Services or open school services as defined above. Scholars' Services would be exempt from the scheme whereas school services which ran as cross-boundary services would not be exempt and would be subject to a permit scheme in respect of their operation in West Yorkshire, in the same way as other cross-boundary services.

3.4.22. In terms of the comment about excluding all home to school transport, where these are operated as Scholars' Services and do not accept fare paying passengers then these would be exempt from the scheme. If home to school services operate as school services that accept fare paying passengers then if listed in Annex 2 to the scheme they will be let as local service contracts under the franchising scheme, and any services not listed would require a service permit to operate.

3.4.23. On the comment about Lot A depot capacity, the approach to lotting considered adding school services to Lot A contracts where that aligns with existing practice, for example in Bradford and Keighley. However, as discussed in the strategy, it is not proposed to link all school services to Lot A depots, as this would not align with current approaches, and would undermine some of the opportunities that could be achieved particularly for SMO operators to potentially grow their market share. The Combined Authority would look to keep this under review as part of implementation of a franchising scheme, as set out in the lotting strategy, to ensure that the approach achieves the balance of outcomes considered in the lotting strategy, e.g. that it does not exclude smaller operators and allows for those opportunities to be maintained, but continues efficiencies that exist for provision from larger depots where appropriate and there is capacity.

3.4.24. On the point about services that are currently funded by schools or other organisations, to the extent that there are, the same principles apply as other school services – if they are closed local services then they would fall within the definition of Scholars' Services, if they accept the general public then they are treated the same way as other services which accept the general public and would need a service permit to operate in the franchise area.

Cross-boundary services

3.4.25. This sub-section discusses issues around cross-boundary services and the Combined Authority's response to these as raised through the responses in the consultation.

3.4.26. Cross-boundary services were a further area particularly brought out in responses on the services to be franchised. There are a variety of comments on cross-boundary services raised across this report, the comments considered here are those specifically concerning how cross-boundary services are treated within the Proposed Franchising Scheme. A number of comments related to some cross-boundary services being included in the list of services, but this is assumed to relate to the list before it was revised, as the final list did not include any destinations outside of West Yorkshire, in recognition that the scheme would not apply beyond the Region.

3.4.27. Cross boundary services were noted as a concern for some respondents, with several neighbouring LTAs requesting clarity for the requirements on non-franchised cross boundary services relating to service permits throughout the procurement rounds and noted the need for network stability of these services. This view was also expressed by Globe and Station Coaches, requesting consideration for cross-boundary services, particularly those operated out of depots in West Yorkshire.

3.4.28. The approach to cross-boundary services in terms of the list of services to be franchised is that they are not intended to be franchised, and therefore will not appear on this list. Separate arrangements would be made, and proposals for this are picked up in the commercial case.

3.4.29. A specific comment was raised by TfGM : "*It is proposed that from March 2024 a Greater Manchester franchised service 184 will operate between Oldham and Huddersfield. TfGM requests further dialogue on how this franchised service will interact with the proposed WYCA franchised network to provide integration for passengers*." This service will operate as a franchised service within Greater Manchester (as that is what the Greater Manchester scheme allows for), and the Combined Authority assumes that TfGM is relying upon its general existing powers to secure services for the element of this service which falls outside of Greater Manchester. This means that TfGM/the operator of this service will need a service permit to continue operation of the service if franchising is introduced in West Yorkshire. Should a franchising scheme be introduced in West Yorkshire, the Combined Authority will engage further with TfGM on this particular issue with a view to ensuring that there is a positive solution for the transition period, recognising that this service will be in place significantly in advance of the Combined Authority entering into franchised contracts in West Yorkshire.

3.5. Theme 4: Exempt services

3.5.1. As well as including a list of services to be franchised as part of the scheme, the draft proposed franchising scheme also lists types of services that would be exempt. The scheme suggests three such types of services:
"*The following Local Services shall be excepted from regulation arising because of the Scheme (as further set out below, as applicable):*
1.1 a Scholars' Service;
1.2 a Local Service provided where a railway service has been temporarily interrupted; and.
1.3 any Local Service specified in Annex 1 or Annex 2 to this Scheme up until the effective time of the first Local Service Contract in which such Local Service is specified."

3.5.2. Comments received included on those services suggested, but also those that are not currently listed. As highlighted in the DJS Research report, members of the public also had a mix of views, with the most common response agreeing with the exemptions, but some suggesting all services be included in the scheme and others that all be excluded.

3.5.3. A number of comments received were supportive of the list of exempt services, including Calderdale Council, Peak District National Park Authority and Squarepeg.

3.5.4. Of those who raised comments about the list, the majority were from operators asking for clarification or suggesting that some services should be exempt. The following specific services were raised in this respect:

- large event services,
- tourist services,
- football, concert and special event shuttles,
- home to school,
- "express services",
- works services operated in a similar manner to closed schools,
- "commercially open school terms and other services that are currently funded by schools or other organisations"
- "local bus"
- cross-boundary services

3.5.5. In the case of Stagecoach, their response suggested how some services could be secured or provided through other mechanisms if not in the scheme: *"As well as tourist services we would recommend that football, concert and special event shuttle services should be excluded from the Franchise Scheme so that they can be operated commercially under the permit scheme. Where they are not provided commercially but are still required, the WYCA should be able to tender services competitively allowing them to operate out of Franchised depots with Franchised vehicles"*.

3.5.6. Comments were also made, particularly by Bus Users UK, who concluded in summary that the proposed list of exemptions seemed sensible, about the need to clearly communicate the exempt services and to regularly review the list of exemptions. Leeds City Council also made a comment about wanting to discuss further in the future.

3.5.7. Only one operator, TLC, commented to say there was insufficient information to be able to comment.

3.5.8. The approach to exemptions that are listed appears to have been broadly accepted by respondents, with the only contention seeming to be about whether schools services are exempted under the definition of scholar services, with some operators arguing that they should be. This relates to the discussion in section 3.4 under the heading of school services, where the Combined Authority has considered the value of which school services should be included.

3.5.9. On the additional types of services that are exempted, the Combined Authority has given consideration to these and has taken the following positions.

The Combined Authority's response

<u>Services that would be subject to the permit scheme</u>

3.5.10. Of the specific further exemptions suggested, the following are proposed by the Combined Authority to be subject to the service permit regime should a franchising scheme be introduced:

- large event services,

- tourist services,
- football, concert and special event shuttles (e.g. Leeds Festival),
- “express services”,
- works services operated in a similar manner to closed schools,
- commercially open school services and other services that are currently funded by schools or other organisations

3.5.11. As the majority of these services are proposed for specific purposes which (subject to the nature of such services) could be expected to be unlikely to adversely impact on franchised services, the Combined Authority considers it appropriate for such services to be subject to the service permit regime. This would allow the Combined Authority, following relevant consultation (with operators, any other local authorities that will be affected by the granting of the service permit, and any other people or organisations that the Combined Authority considers to be appropriate), to set different conditions which would apply to different types of bus service, for the benefit of passengers.

3.5.12. The Combined Authority does not think that it would be appropriate to exempt the services listed above as the operation of such services (which the Combined Authority would then have limited control over) could, in some circumstances, have an adverse impact on franchised services such as abstracting revenue from franchised services, but a permit scheme will allow them to operate where they do not have such an adverse impact.

Home to School

3.5.13. As detailed in section 3.4 open school services are treated separately under the scheme from "Scholars' Services", with Scholars’ Services exempt from the scheme. Where a Home to School service meets the definition of a Scholars’ Service then this would be exempt, however where they are open these would be included in the franchising scheme, or require a permit to be otherwise operated.

Cross-boundary services

3.5.14. These services are not exempted from the scheme but will be picked up separately under a service permit regime, as detailed in the commercial case.

“Local bus”

3.5.15. No further details were provided by Connexions to explain what is intended by “local bus” in their response to this question and so it has been considered to refer to all local services . It is not the intention of the Combined Authority to exclude these from the franchising scheme, which will apply to all local services operating within West Yorkshire unless exempt from the scheme or operating under the service permit regime (where such services meet the requirements under that regime).

3.5.16. As noted above, the list of services in any final franchising scheme will reflect the principle of the services operated at the time of the scheme being made. As outlined in section 3.4, services currently operated under a section 22 licence (a not for profit PSV permit) have been included in the franchised service list. However the Combined Authority would not seek to franchise these services unless these would not continue to be funded as community bus services by the then current funding body of those services Therefore any vehicles operated under a section 22 permit could continue to run services, supporting community services to continue to operate once a franchising scheme was introduced, but the Combined Authority would be able to consider letting these services under the franchising scheme if they were withdrawn by that operator.

Reviewing the list of services

3.5.17. In terms of the point made with regard to clearly communicating the list and regularly keeping it under review, the Combined Authority will clearly communicate this final list of exemptions under the scheme if a franchising scheme is introduced, and will look to engage with operators to ensure the definitions of exempt services are clearly understood before franchised services begin operation. The Combined Authority does not intend to regularly review the list of exempt services, because as noted in section 3.5 the Combined Authority considers that the additional services suggested by consultees should be subject to the service permit regime rather than being exempted. If in practice, it becomes administratively burdensome for particular types of services to be operated under service permits, the Combined Authority could consider varying the scheme to exempt relevant service types from the regulation of the scheme, noting that this would mean that the Combined Authority would then have limited control over such services if exempted. Any such variation of the scheme to amend the list of exempt services would be subject to the statutory process set out in the Transport Act 2000.

3.6. Theme 5: Decision Date

3.6.1. Question five of the long questionnaire asked specifically for any comments on the date on which the Proposed Franchising Scheme is currently proposed to be made, 14 March 2024.

3.6.2. A number of comments received on this question were supportive of the date, with suggestions from Stagecoach that the date was reasonable, and Calderdale Council supporting it on the basis of it being achievable against the programme. Communication of the decision in an accessible way was referenced by Bus Users UK.

3.6.3. Some comments from operators suggested that the timescales were too short, and questioned whether there was sufficient time to consider the feedback from consultees. Two comments questioned whether that meant there was a presumption that no changes would be made to the proposed franchising scheme, and Bus Users UK also questioned whether the consultation was actually about if franchising was the right mechanism "*Two and a half months between the consultation closing and the analysis of the feedback suggests that there is no expectation of a change of decision as to the way forward, which in turn suggests that this is a consultation into how a franchising scheme would be accepted rather than whether it is the right mechanism for providing buses in the region*".

3.6.4. Transdev suggested that it would make sense to wait for Greater Manchester to finish its franchising mobilisation before taking a decision: "*If London is not really an example, in a Year Manchester will be fully implemented. This will give us (WYCA, Operators, Stakeholder) all the learning feedback necessary to propose something better for our passenger and public transport system. Waiting and learning from this will correct most issues from the beginning. It is like when purchasing a new bus, you never want to be the first one to do it if you look for efficiency and getting the best product for money*."

3.6.5. Conversely to views that the period before a decision is too short, Better Buses for West Yorkshire suggest that it is too long: "*We are not sure why it must take so long to analyse the results of the consultation and make a decision. The South Yorkshire MCA found practices that allowed it to schedule a decision much faster after the consultation concluded."* Members of the public who responded to this question were also more likely to suggest that they wanted implementation sooner.

3.6.6. Bradford Metropolitan District Council make a number of practical observations in relation to the date proposed, and impacts that they might have on operations in the district. Firstly that there is a planned date for buses switching to new routes "*The timing of the date for making the Franchising Scheme is immediately before the planned date for buses switching to new routes as part of the Transforming Cities Fund (TCF) City Centre scheme on the 17th of March*.". The second point relates to works taking place at Bradford Interchange. "*The decision to make the Scheme will likely impact on operator willingness to register service changes and will extend the timescales for registration, which would affect areas such as Bradford Interchange where services need to be re-registered to coincide with completion of resurfacing works in May 2024."*

3.6.7. A number of comments from operators were also made that relate to the timetable then for contracting, with suggestions that operators require time to prepare for tenders and that there could possibly be overlap with tenders in other franchised areas (including places that are also completing the assessment process).

3.6.8. One operator also commented on the date of the decision and reference to this being ahead of the pre-election period.

The Combined Authority's response

3.6.9. In response to the comments that the date is too soon, the Combined Authority set out in the consultation material this proposed date, based on an evaluation of the time that it would take to be able to complete the review of consultation responses. Not knowing how many responses there would have been or the content of those, it was not possible to say with certainty that the date would be achievable, and this has been kept under review throughout the process. In response to the point from Better Buses for West Yorkshire, given the volume of responses received to the consultation it has not been possible to complete the work to formulate a response earlier, but that this is considered a positive in making sure that views could be thoroughly considered before any decision. The South Yorkshire assessment of a proposed franchising scheme has not yet been consulted on at the time of writing this report, and so in response to the point about scheduling a decision faster this is not something that has been proven to be deliverable.

3.6.10. In terms of if franchising is the right mechanism, the consultation material has been clear on the approach, and that no decision has been made on which option should be pursued, but that the Assessment suggests that the proposed franchising scheme is the preferred option. Questions in the consultation have asked also for views and comments on the alternative proposal of Enhanced Partnership Plus, and are picked up throughout this document.

3.6.11. On points suggesting that the Combined Authority should wait to learn lessons from the completion of the implementation of franchising in Greater Manchester, the Combined Authority does not consider that not waiting for the final sub-area in Greater Manchester to be contracted inhibits the ability for the Combined Authority to learn lessons from what has happened in Greater Manchester, which is an ongoing process that will continue to be important in ensuring successful implementation. A number of such lessons have already been considered in the design of the proposed franchising scheme, including through the feedback from operators involved in bidding for franchising contracts in Greater Manchester. As identified in the strategic case of the assessment, and in a number of the responses from consultees, there is a recognised need for Bus Reform in West Yorkshire, and the proposed decision date is an opportunity to provide certainty on how this will be delivered in West Yorkshire.

3.6.12. In response to the specific operational points raised by Bradford Metropolitan District Council, on the immediate challenge of registrations affecting switching of routes as part of the TCF City Centre scheme this should not be impacted directly by the introduction of the proposed franchising scheme as route registrations will continue to operate as normal until the day that a franchised service may first be provided under a franchise contract in West Yorkshire, except that services may be registered at short notice if the Combined Authority enters into an agreement with an operator to provide a service in the transition period. On the point about impacting the willingness of operators to register service changes and extensions of the timescales for registrations, the Combined Authority are proposing that should a decision be taken to implement a franchising scheme that the Transition Notice, which may be published by the Combined Authority at the same time that it makes and publishes the scheme, would contain flexibilities to shorten the period for service registrations / de-registrations at the Combined Authority's discretion where the short notice grounds for cancellation or variation of services in regulation 7(2) of the Public Service Vehicles (Registration of Local Services) Regulations 1986 which enable the Traffic Commissioner to allow such changes would apply, which could support mitigating this.

3.6.13. In the event that incumbent operators ceased running commercial services during transition to franchising, the Combined Authority would act to mitigate the risks of withdrawal of services and ensure continuity of the network, and has proposed contingencies for disruption to the network in the commercial case, including budget for possible additional tendered services to ensure service continuity should an operator withdraw its services. As noted above, it would be possible to register services at short notice if the Combined Authority entered into an agreement with an operator to provide a service in the transition period, in order to replace a service which has ceased to run. In general terms the Combined Authority works proactively with the five constituent local authorities to ensure there is partnership working on operational matters in relation to disruption and infrastructure schemes and would follow this approach in relation to the franchising scheme.

3.6.14. The points raised about the need to allow time for operators to prepare for tenders is recognised, and has been addressed through the proposed timetable for implementation of a franchising scheme, including the period for contracting across the different zones. On issues related to multiple areas potentially pursuing franchising and bidders being selective, this is recognised as a potential risk in the management case around insufficient bidders, and the timetable will also be kept under review to seek to avoid unnecessary alignment issues. The Combined Authority is already aware that Liverpool City Region Combined Authority are mobilising for implementing a franchising scheme, and the Bus Reform team have been, and will continue to be in engagement with counterparts in Liverpool City Region on implementation so that timings such as bid submission deadlines are not coinciding. As part of market engagement the Combined Authority would explore what further can be done to minimise unnecessary processes or costs for bidders to make contract bidding more attractive.

3.6.15. On the point about the date being ahead of the pre-election period, this is correct, and has been identified over a long period as the possible programmed decision. This is in line with the programme plan that has been followed in completing the assessment, recognising the time required to complete each of the necessary stages. As highlighted earlier in this section, this date was provisional on the basis that it was not possible to determine the results of the consultation and the time required to respond, which has been kept under review.

3.7. Theme 6: Entry into first contracts

3.7.1. Consultees were asked to provide comments on the date on which it is proposed that the first franchise contracts would be entered into, 28 June 2026. The scheme specifies that there will be a minimum mobilisation period of nine months (being the time between a franchise contract being entered into, and franchise services under that franchise services being operated), and therefore the first franchised services could commence operation from 1 April 2027. In response to this question a number of consultees provided responses that relate to specifics of the lotting strategy or the approach to contracting, and these are picked up within the commercial case.

3.7.2. Where responses were received particularly about the proposed date of 28 June 2026, a number of consultees, including operators, were supportive of this date. CPT for example stated that: "*We are pleased to see that WYCA has set a clear and realistic timescale for moving towards a franchise, with manageable areas undergoing tender processes on a staged basis."* First West Yorkshire were also supportive: "*The timescale is considered reasonable, given the mobilisation process required".*

3.7.3. Some comments from operators suggested the more important date would be when services were due to commence. Ross Travel Group for example highlighted that "*this should be on a date that sits easily with school term start / finish and other major events during the year*". Stagecoach understood the proposed date to mean the date following mobilisation, but also made a point about the importance to align with school term dates: "*we are comfortable with any commencement date however it may be beneficial to align with the timetable change at the end of the school term, not in the middle of term. We would welcome the chance to provide feedback on any revision to proposed dates*." Stagecoach also suggested service change dates in late July could also be an important consideration.

3.7.4. Dales and Bowland CIC also raised the point on school term dates, but in addition highlighted "*Dales Bus services managed by Dales and Bowland Community Interest Company operate on a winter/summer seasonal basis – so any major changes occurring mid-season in June could be problematic for operational and promotional reasons*."

3.7.5. Better Buses for West Yorkshire did not support the proposed date and suggested that it needed to be brought forward: "*If this date is kept, it will have taken 5 years to introduce franchising after the Mayor was elected on a pledge to introduce this change. Timelines of this nature undermine public support, trust, and interest in politics. More widely, our region cannot afford such a lengthy wait for change, on the grounds of economic growth, climate security, and social inclusion. This needs to be brought forward as a matter of urgency."* As referenced in the DJS Research report, members of the public also focussed on wanting contracts to be made sooner in their responses, with one in ten agreeing with the date.

3.7.6. Other comments received related to the amount of time for operators as a result of this date. As pointed out by Bus Users UK: "This time gap between the decision date and the initiation of franchised services offers a transition period. This will be crucial for operators, the local authority and the community to adjust to the upcoming changes gradually."

3.7.7. Leeds City Council focussed on the possible impact of disruption on passengers during the transition period, and other comments also picked up the potential for service changes in the period before the date of entry into first contracts.

3.7.8. Some points were also made about the need to learn lessons in between tendering rounds. Responses to these are picked up within the Commercial Case section 6.3 in which the approach to contracts, procurement and implementation and transition planning are discussed.

The Combined Authority's response

3.7.9. The Combined Authority recognises that there were comments supportive of the date as it is proposed. Taking on the comments received about the importance of the date when services are due to commence, the legislation requires the scheme document to highlight the date of entry into contracts and the draft scheme also provides the date on which a Local Service may first be provided under a Local Service Contract. Contrary to the comment by Stagecoach, the intent is that the 28 June 2036 date is ahead of the mobilisation period, and so therefore the earliest date for commencement of services would actually be 1 April 2027 as set out above, nine months after 28 June 2026, if the minimum mobilisation period of nine months which is set out in the scheme is observed. This will be clarified in the final franchising scheme, which will include both the entry into contract and the commencement date.

3.7.10. This may also impact on the comments received with regard to aligning dates with school term dates and existing timetable changes. This feedback however is welcome, as it is recognised that changes made need to minimise the disruption to passengers. The Combined Authority will therefore look within its timelines to align the dates on which franchise services commence operation in West Yorkshire with relevant school terms – for example the date on which the first franchised services will begin operation in April 2027, will be updated to 28 March 2027 which would put it in line with the Easter term dates.

3.7.11. Specifically on the point raised by Dales and Bowland CIC on Dales Bus services, the challenge of mid-season changes are recognised but also that Dales Bus services currently are cross-boundary services, and therefore would be impacted by the introduction of the service permit scheme at the point of entry into franchised contracts, rather than the contracts themselves. This is a separate issue and the service permit regime would be subject to a further consultation, but would become operative on the same date as the franchise scheme, as a service permit would be required in order for services subject to the service permit regime to operate from that point. The service permit regime would therefore also be aligned to the relevant school term date as described in the previous paragraph.

3.7.12. On the point raised by Better Buses for West Yorkshire on the length of change, it is recognised that this is a significant period, but also that a potential move to a proposed franchising scheme is a significant decision and therefore should not be rushed as it risks undermining the objectives the Combined Authority is seeking to achieve. The timetable for the entry into first contracts is comparable with the timetable being undertaken in Liverpool City Region, and recognises the amount of work required to deliver a new model in West Yorkshire, as well as the need for operators to prepare for these changes, which is underlined by the comment from Bus Users UK.

3.7.13. The point made by Leeds City Council on managing transition is a critical one, and one that is highlighted in particular as a risk in the management case. Detailed transition planning will be an essential mitigation against this, and ensuring there is sufficient capacity and capability in place this is discussed in more detail within section 8.2 of the Management Case response in this report. Some of these issues are also discussed in more detail in and the Commercial Case section 6.3 of this report which specifically looks at the approach proposed to managing disruption.

3.8. Theme 7: Mobilisation period

3.8.1. Question seven of the long questionnaire sought comments on the nine–month period it is proposed will expire between entering into a franchise contract and the start of a service under such a contract. A range of views were shared on the timescales, with some agreeing with the suggested nine month period and others suggesting a shorter or a longer period.

3.8.2. Of those that supported the proposed nine month period, a number of points were raised in caveat to that support. For example, Calderdale Council suggested they wanted "*assurance and involvement on the management of the transition period and any relevant decisions*". TfGM gave support "*providing there is appropriate regular dialogue between TfGM and the WYCA with regards to the effect on services running between West Yorkshire and Greater Manchester".* J&B Travel suggested there were no obvious issues but that "*For large companies it will assist with TUPE of staff, depots N&P with TC office And for operators to inspect vehicles etc prior to transfer".* Stagecoach made a point that "*based on the information we have currently, we believe the proposed 9- month mobilisation period is sensible given the proposed fleet and depot strategy."*

3.8.3. Bus Users UK, whilst not specifically supporting the proposed mobilisation period made general comments on the benefits of a longer period, including supporting operator readiness, smoothing transition and increasing the opportunities for operator engagement. They noted caution however that a longer period would delay the realisation of benefits.

3.8.4. There were also suggestions of having a shorter mobilisation period by some consultees. First West Yorkshire suggested: "*we would estimate a mobilisation period of less than 6 months in the case that there's an existing depot, and no requirements for additional staff, vehicles, or other equipment."* Likewise Stagecoach suggested the mobilisation period could be shortened if approaches were altered – in particular if the Combined Authority is able to order vehicles prior to mobilisation. Better Buses for West Yorkshire suggest the statutory minimum six months is selected, with the possibility for a short extension, and challenge on the selection of nine months in the assessment "*In the time available for studying the full franchising assessment, we could not identify the rationale for taking 50% longer than outlined by the Government to mobilise a franchising contract*". Members of the public also stated more frequently in their responses on a desire for implementation sooner, with very few supportive of a longer time period.

3.8.5. Conversely Transdev suggested that a longer mobilisation would be required. "*Nine months is too short and recommend a 12 + 6 (emergency extension) months period to mobilise for the initial contracts given the large and complex tasks required to procure depots and new fleets*."

3.8.6. Other consultees did not explicitly comment on whether the date should be shorter or longer, but made comments with regards factors that should be considered:

- Detail on fleet and depots (including depot electrification)
- Confirmation of driver numbers and any recruitment of drivers
- Scale of the lot
- Post bid employee issues
- TUPE timescales
- Time needed to move systems, Health & Safety, and maintenance upon the changeover.

3.8.7. A number of consultees also raised connected points about the approach to managing of services during the mobilisation period, and how the behaviours of incumbent operators could change during that period. Squarepeg for example question "*how can we ensure a service continues to operate in the nine months if the current operator is not the successful bidder?".* Concerns were also raised in this regard by other consultees around a period of uncertainty during transition, and whether there would be operators who walk away if they lose contracts and that there should be mitigation measures to minimise disruption and the loss of key employees. Bradford Metropolitan District Council raised a slightly different concern about the timescales for introducing the scheme and that this "*will lead to a penalising situation whereby few service increments can be made in the 2024-2027 period and will seek assurances that WYCA will make mitigations for this.".* Dales and Bowland CIC also make a statement on not neglecting network development in the transition.

3.8.8. A final specific point raised under this question was from Stagecoach with regard to the possible impact of splitting Leeds 1 and 2 lots "*if Leeds 1 and 2 are tendered separately as per the consultation document there are added complexities (split depots, moving of routes and employees) and therefore a longer period than 9 months is likely to be needed. Application of TUPE for the splitting of this depot will add complexity*."

The Combined Authority's response

3.8.9. As is demonstrated by the different comments, there is not a single agreed length of mobilisation period that is supported by all stakeholders. However, although a number of consultees have suggested alternative lengths of mobilisation, the majority of comments were around the consideration of different elements that need to be considered, which are helpful.

3.8.10. Of the specific alternative lengths of mobilisation, and those that have suggested a shorter period, First West Yorkshire proposed this could be considered if there is an existing depot and no requirements for staff or vehicles. As the proposal is for the Combined Authority to provide the depot for large lots, it is possible that this depot could be an existing depot or a newly developed site, depending on the final depot strategy and negotiation with operators with regard to existing assets. It is not possible to know this detail at the time of making the scheme, and so therefore the timetable for introducing the franchising scheme has been considered to provide sufficient time before operation of franchised services to enable depot acquisition. Likewise, although arrangements would be in place to support the TUPE of staff, this would be a right rather than an obligation and therefore it cannot be confirmed whether operators would need additional staff. Having additional time in mobilisation, as suggested by some responses, would be unlikely to make a difference in this regard, as TUPE positions are unlikely to be known until closer to the date of transfer. For the first round of contracts, it is proposed that the Combined Authority will not be in a position to provide a full fleet of Combined Authority vehicles, so will look to combine acquisition with use of a residual value mechanism and under the terms of Franchise contracts require Operators to provide some vehicles. On the basis of these requirements it is perceived that this would not meet the requirements suggested by First for a shorter mobilisation. These same requirements also provide a rationale for not supporting the proposal from Better Buses for

West Yorkshire for a shorter mobilisation period, which could create greater risks of mobilisation not being achieved successfully.

3.8.11. On the suggestion that a longer period of 12 + 6 months should be followed, this does not appear to fit with the suggested approach, particularly for large contracts where the procuring of depots would sit with the Combined Authority, and over time the Combined Authority would be looking to provide the fleet for contracts. Feedback from some operators has suggested that fleet could be a particular challenge in acquiring, although as highlighted in the DJS Research report non-incumbent operator Transport UK actually suggest that acquiring all fleet is deliverable prior to commencing operation of services. In any case the Combined Authority would look to mitigate this as far as possible through the residual value mechanism and the provision of some Combined Authority vehicles, worked up in a detailed business case for fleet provision under a scenario where Franchising is taken forward. Early engagement with operators would also be undertaken to understand their willingness to utilise the residual value mechanism and with manufacturers about updated lead in times since engagement as part of the assessment process.

3.8.12. On the further points for consideration in deciding the mobilisation period, the Combined Authority has considered the following:

- Detail on fleet and depots (including depot electrification) – on the point of depot electrification this has been considered a requirement for the introduction of Zero Emission Buses, and an allowance made within the analysis. This will be worked up in greater detail upon finalisation of the depot strategy. As it is proposed that Zero Emission Buses would be introduced at the same speed across all bus reform options, and that operators have committed to meeting those timescales under the EP+ (subject to funding), that it is possible to achieve depot electrification over the period. To some extent the roll-out of Zero Emission Buses will be dictated by these depot investments, and it could be that some depots are able to come forward earlier than others during the period. As it is not a requirement specifically to have a Zero Emission Bus fleet on introduction of contracts, it is not perceived to be a direct issue for the nine month mobilisation period.
- Confirmation of driver numbers and any recruitment of drivers – it is recognised that confirmation of driver numbers is an important consideration for mobilisation, and that early information on this point will be important. The Combined Authority will look to work constructively with incumbent operators in preparation and during mobilisation to ensure these details can be shared as soon as possible and actions taken by franchisees if any recruitment is required.
- Scale of the lots – the scale of lots has been considered against the existing network, and as the network that would be included in the Proposed Franchising Scheme will be similar to the current network, the scale of lots is not expected to be a material challenge to mobilisation. It is noted that there is the potential for further network changes that shrink the network during transition, and that this risk will be kept under review and consideration given to amendments of final contracted services.
- Post bid employee issues – it is recognised that a longer period could mean that there are more employee changes post bid than in a shorter window. To manage this the mobilisation approach will need to make sure regular information update processes are in place to understand from incumbent operators and incoming franchisee operator any changes that might impact on successful transition, however it is noted that TUPE positions are unlikely to be known until closer to the date of transfer in any case. The Franchising Schemes and Enhanced Partnership Schemes (Application of TUPE) (England) Regulations 2017 provide a framework for the provision of employee information by existing operators, and how employees will be assigned to particular franchise agreements for the purposes of TUPE, and the Combined Authority will have a right to request more detailed information in relation to transferring employees if a franchising scheme is made. 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.
- TUPE timescales – TUPE will apply by virtue of section 123X of the Transport Act 2000 and the regulations referred to above where an incumbent operator ceases to provide services at the time that a new operator starts to provide services under a franchise agreement, and the Combined Authority recognises that the transfer of staff between employers will need to be carefully managed and form a significant part of transition to the Proposed Franchising Scheme as well as during steady-state with further detail of these plans included within the Commercial Case (sections 5.4 and 5.10) and Management Cases (Table 10) of the Assessment.

- Transfer from one employer to another will happen automatically for employees of existing operators who are in scope to transfer under TUPE (and choose to do so), and as noted above the Combined Authority will develop a more detailed plan in respect of the application of TUPE in due course.
- Time needed to move systems, Health & Safety, and maintenance upon the changeover – these points are helpful feedback and will be taken into account in market engagement with potential bidders prior to the procurement process starting, to ensure that the procurement process considers what processes and systems operators would put in place to ensure that they could move quickly to put systems into place ready for day one service delivery. Some operators will have experience of this in either tendered services or other franchised areas, and we can look to London and Greater Manchester for any learnings on how to do this efficiently

3.8.13. In terms of the points raised on managing mobilisation and the continuity of services, this is something considered more generally for the transition period and would apply the same during mobilisation. Section 6.3 of the Commercial Case specifically looks at the approach proposed to managing disruption. It is recognised that there is a risk of this resulting in some services being withdrawn by incumbent operators, and the Combined Authority would look to maintain services through other means where possible, including through restrictions on short-term cancellation of services through a transitional notice that would be published alongside the Proposed Franchising Scheme in section 6.3 of the Commercial Case of this report. On the specific point about losing key employees some of this is considered more in the Management Case section 8.2, under theme one 'Organisational ability to manage – transition'. And on the point raised about service increments during transition, the Combined Authority would continue to look to how this could be achieved through existing powers and resourcing, within the budget available.

3.8.14. The point raised by Stagecoach relates to wider considerations of the lotting strategy and the division of the Leeds zone into three lots. The feedback is recognised that if the existing services currently operated out of the Hunslet depot would be split into separate lots under franchising then there would be added complexities. To some extent this is mitigated by the proposal for the lotting strategy that Leeds lots are divided across the three procurement rounds and that Leeds 1 & 2 would be in the second and third rounds. This gives added time for the acquisition of an additional depot and for there to be decisions taken as to the exact split of services, driven partly by depot locations. The issue of TUPE is recognised however as being an issue even if the depots can be secured in good time. If it is possible to agree with the incumbent operator (First West Yorkshire), the Combined Authority would look to mitigate some of this risk by including conditions as part of any depot acquisition on support with splitting of existing staff between lots. If that is not possible, the Combined Authority would still look to mitigate through cooperation during the contracting phase and in mobilisation with First West Yorkshire, but would otherwise be addressed during the mobilisation process with the incoming franchisee. TUPE is considered in more detail under the management case theme 9 'Employment – TUPE and Transfer'. If these risks can be appropriately mitigated, as outlined in the lotting strategy there are perceived benefits for competition that can be achieved that will benefit the wider franchising scheme implementation, and do not require a different approach to mobilisation than for the other lotting areas.

3.9. Theme 8: Consultation

3.9.1. The final specific question on the Proposed Franchising Scheme sought comments on the proposals for how the Combined Authority would consult on how well the Proposed Franchising Scheme is working. This is a distinct requirement to consult on the functioning of the scheme itself, and should be considered separately but in connection to wider consultation on implementing elements of the Proposed Franchising Scheme, which are mostly covered in the Management Case section of this report (see section 8.8). The proposal in the draft franchising scheme is that this is done [24] months from the date set out in article 4.3 ((which as discussed in section 3.8 on the basis of feedback from consultation this has been revised to 28 March 2027) and at such other times periodically as the Combined Authority considers appropriate.

3.9.2. As referenced in the DJS Research report, members of the public in general gave a sentiment of the need to have regular communication with residents and passengers. Specific comments from other stakeholders on this question refer broadly to who should be consulted, when consultation should take place and what should be reviewed as part of that consultation.

3.9.3. On who should be consulted, the scheme suggests that the Combined Authority would consult such organisations being those that appear to the Combined Authority to be representative of users of Local Services, and may consult other organisations and persons, as the Combined Authority thinks fit. Calderdale Council suggest that the list appears to include all key stakeholders. Some comments have suggested more emphasis should be given to passengers, whilst one stakeholder has also suggested the views of people who don't currently use the bus should be considered. Stagecoach make a particular point on the need to engage proportionately: "*WYCA should take care to ensure any consultation of bus users includes a fair and proportional representation of all users, particularly under-represented groups who struggle to find time to engage with consultations (i.e. commuters, young adults, etc)."* Bus Users UK also suggest a focus on passengers with a range of characteristics. TLC make particular reference to engaging with operators, in particular regarding patronage and costs and variations against targets. And Action for Yorkshire Transport include bus drivers alongside passengers as groups that best know the issues and challenges of services.

3.9.4. On when consultation should take place, TfGM are supportive of the approach of the consultation taking place after 24 months of the first contracts being entered into. Peak District National Park Authority suggest it should be a year into the operation of contracts (which if it meant only from the first phase of contracts would be ahead of the commencement of the third round of lots). First West Yorkshire suggest that: "*The review process should begin at 6 months from the start of services under franchising contracts and be repeated every 6 months until all services are mobilised and have been for at least 24 months*". Better Buses for West Yorkshire suggest the time is too long, and in fact suggest a different method altogether in setting up a supervisory board and citizens assembly. J&B Travel suggest that there should be a break clause before 24 months in contracts for the Combined Authority, but stated they weren't sure if this would come in contract terms and conditions.

3.9.5. In terms of what information should be reviewed as part of that consultation, a range of different proposals were suggested, including analysis of complaints and comments, surveys, public meetings, focus groups, gathering insights into challenges faced by users, operators, and other stakeholders, agreeing a set of Key Performance Indicators.

3.9.6. Separate comments were also raised by a number of operators about suggesting that the network design is consulted on before implementation.

3.9.7. There were comments about the need for actions to be taken as a result of information collected for this to be meaningful.

3.9.8. And Bus Users UK also provided suggestions on the need for the feedback to be reported in a transparent way, with clear communications and accessible routes for individuals to provide their feedback.

The Combined Authority's response

3.9.9. The feedback received in relation to this question will be important in the future design of the broader approach to consultation and engagement of the Proposed Franchising Scheme if introduced. In many cases, the suggestions are in line with the broad proposal within the scheme, in terms of who could be consulted or what forms or methods that feedback could take, none of which has been firmly decided on at this stage. Operator engagement would also be informed by regular contractual reviews as per the terms of any franchising contracts. The point raised on consulting with non-bus users in relation to the performance of the scheme is however one area that the Combined Authority does not think would be appropriate for this particular consultation, however it would clearly be an important part of wider consultation and engagement to encourage more people to use buses in line with wider objectives.

3.9.10. In terms of the timing of this specific consultation, it is recognised that there is a balance to strike between allowing the scheme to be in delivery for a period and not waiting too long to get feedback to understand how the scheme is perceived. In most cases, the suggestions for when to consult were earlier than the proposed 24 months date from commencement of services set out in the draft scheme. Recognising that in the initial implementation of franchising it is proposed to be procured across three rounds, First West Yorkshire's suggestion that the first consultation took place after six months when only one of the three procurement rounds will have commenced services. The Peak District National Park Authority's suggestion would be ahead of the commencement of the third round of lots. On reflection, the Combined Authority has therefore decided that the 24 month proposal, which would therefore mean consultation took place by March 2029, would allow the full scheme to have been in operation for six months following mobilisation and therefore would provide a more comprehensive and coherent consultation of the scheme as a whole. The Combined Authority could still consider consulting earlier than this specifically on the operations of the contracts that have commenced in the first two rounds.

3.9.11. On the approach that such a consultation should take place, the Combined Authority would develop this in greater detail if a decision was taken to make a franchising scheme. This recognises that some elements of the wider consultation and engagement approach will also be developed within this timescale. In general the Combined Authority's approach to consultation and responding to consultation is dealt with in the Management Case section of this report (see section 8.8), which is broadly aligned to what has been proposed.

3.9.12. Points on network consultation are picked up in the commercial case, but it is recognised that the Combined Authority would take on responsibilities if a franchising scheme was introduced to consult on any changes to the network. On points specifically raised that the network should be reviewed entirely before franchising is introduced, as outlined elsewhere in this document the intention is that the network will be franchised in a way that is broadly comparable to the network as it is at the moment. This recognises that there are particular challenges and risks already associated with moving from a de-regulated to a franchised market for buses, and looking to do this concurrently with a complete revision of the network is something that is considered too challenging for the first round of contracts. Any work to design future network changes would be subject to consultation process including any amendments to the scheme services following the required statutory processes.

3.9.13. On the suggestions of Better Buses for West Yorkshire on a model of supervisory governance and a citizens assembly, the Management Case of the Assessment in section 8 considers how the model of governance for implementation of Bus Reform could evolve from the programme to date depending on the decision taken. Theme 7 of the Management Case section, and Theme 6 of the Assessment conclusion section of this report both give further consideration of how stakeholders, including residents and elected representatives in West Yorkshire would be involved in decisions, and this would be subject to further development during transition. The Combined Authority can confirm therefore that there will be a model of engagement with residents and elected representatives in place once services are franchised, but not a citizens board or assembly unless such decision is made by the Combined Authority in the future.

3.9.14. On the point raised by J&B Travel on break clauses, the sections of the commercial case on performance regime and contracting outline some of the principles that are suggested to be developed in terms of contracts if franchising is taken forward. The exact mechanisms contained within contracts would be subject to further development and market engagement after any decision.

3.10. The Proposed Franchising Scheme Conclusion

3.10.1. The Proposed Franchising Scheme chapter has captured comments received on the questions related to the draft of the legal scheme that would need to be made to introduce a franchising scheme.

Applying franchising to West Yorkshire geography

3.10.2. Comments were received supportive of the proposed approach to applying the franchising scheme to the whole West Yorkshire geography. As outlined in the DJS Research report, over half of public respondents to this question agreed that the scheme should apply to the whole West Yorkshire geography. Some comments raised questions about how this approach would work across the different parts of West Yorkshire, and how it would relate to cross-boundary services.

3.10.3. The Combined Authority considers that applying franchising to the West Yorkshire geography as a whole remains the right approach, fitting best with strategic objectives that recognise the importance of a sustainable transport offer across West Yorkshire.

Lotting Strategy

3.10.4. In this section comments specific to the proposal to split the geographical area of the Proposed Franchising Scheme into ten zones to be procured across three rounds were discussed. There was support for this approach from a number of responses, noting also that particularly operators wanted to understand further detail of the allocations of routes and depots. Only a small number of responses proposed alternative approaches.

3.10.5. The Combined Authority is comfortable that the proposed split of the geographical area and the three round approach remains appropriate, reflecting the principles contained in the assessment . As highlighted in the responses, a detailed lotting strategy based on that set out in the Assessment will need to be completed prior to contract procurement starting to finalise route and depot allocations, and any updates from the current approach would be made in line with the principles set out in the assessment.

Services to be franchised

3.10.6. A number of consultees provided comments on the services to be franchised, predominately in relation to types of services to be included in the list of services rather than on specific listed services. The treatment of schools services and cross boundary services were particularly emphasised.

3.10.7. The Combined Authority response highlighted the approach taken to these types of services, and that the updated lists of services reflected the approach set out in the Commercial Case regarding schools and cross boundary services.

3.10.8. As set out in the chapter, and as was highlighted in the draft Proposed Franchising Scheme that was published for consultation, the Combined Authority have reviewed the list of services for the Proposed Franchising Scheme, and if a franchising scheme is made would intend to revise that list to reflect changes to services that have taken place since the network that was used as the basis for the assessment, but consistent with the approach taken for the original list of services. This means that the list of services in the final proposed franchising scheme will reflect the principle of the services operated at the time of the scheme being made, subject to the exemptions outlined in the scheme – scholars' services, rail replacement and any local service specified in the scheme up to the point where the first service contract in which that service is specified.

3.10.9. Services currently operated under a section 22 licence (a not-for-profit PSV permit) have been included in the franchised service list. However, the Combined Authority would not seek to franchise these services whilst operated under a Section 22 operational license and would only seek to do so were they to be instead ran as a for-profit bus service.

Exempt services

3.10.10. Connected to the theme on services to be franchised, the draft Proposed Franchising Scheme also includes a list of services that would be exempt from franchising. Comments raised a number of different types of services suggested to be exempt.

3.10.11. The Combined Authority has considered these additional suggestions. The draft scheme made a distinction between "closed " scholars services and open "school services", with the former being exempt, and this approach seems correct in light of the feedback received. It remains the case that "open" schools services which are not let as franchised services, and the other categories of services which consultees suggested should be exempt will be able to run under service permits provided that they do not adversely affect the franchised services, and this approach remains appropriate, as it will allow complementary offerings to be provided, without the risk that exempting whole categories of service could lead to those services undermining the franchising scheme

Decision date

3.10.12. A number of comments were made on the date on which the Proposed Franchising Scheme is currently proposed to be made, 14 March 2024. Whilst there were responses received that agreed with the date, there were some suggestions that the date was too soon, or that it was not soon enough.

3.10.13. In responding to comments about the date being too soon, the Combined Authority has explained the approach to responding to the consultation and how it has and will ensure lessons are learned from other areas, particularly Greater Manchester. As the consultation response report is complete and the Combined Authority is due to meet on 14 March 2024 to discuss the findings of the consultation and the Mayor to consider making the scheme, it is the Combined Authority's view that this date should remain. If there is any delay in consideration of the report, then it would be necessary to delay the making of the scheme and any consequential dates accordingly.

Entry into first contracts

3.10.14. Comments were received from consultees on the date on which it is proposed that the first franchise contracts would be entered into, 28 June 2026. A number of consultees, including operators, were supportive of this date. Other comments said the more important date was the date of commencing operations, and comments made suggestions on when this date should be, particularly to recognise the school term and service change dates. And there were also comments suggesting that this time period was too long and should be brought forward.

3.10.15. In response to this, it is explained that the timetable for entry into first contracts is based on analysis of the time taken for the Combined Authority to implement the scheme, which it believes reasonable and comparable with other areas introducing a franchising scheme. The scheme specifies that there will be a minimum mobilisation period of nine months (being the time between a franchise contract being entered into, and franchise services under that franchise services being operated), and therefore the first franchised services could commence operation from 1 April 2027. In acknowledging the helpful feedback from consultees, it is suggested that this date be aligned to school term dates for Easter 2027, and will be updated accordingly to ensure this alignment, Subsequent procurement round mobilisations will also be aligned to coincide with relevant term dates (January 2028 and October 2028). No change in the date of 28 June 2026 is proposed, but it will be clarified in the scheme that this relates to the first entry into contracts, and not the first date of the franchise services operating, which will follow the mobilisation period.

Mobilisation period

3.10.16. Consultees provided feedback on the scheme specification of a minimum mobilisation period of nine months for commencing operations. A range of views were provided, some supportive of this length, others suggesting longer or shorter periods, and others providing areas of consideration for the length of mobilisation.

3.10.17. Balancing this range of feedback, with the proposed approach of the commercial case to implementation, it is not proposed to amend the mobilisation period, which the assessment considers is achievable.

Consultation

3.10.18. Finally there were comments received on when the Combined Authority would consult on how well the Proposed Franchising Scheme is working, which is proposed to be 24 months from the date on which a Local Service may first be provided. Comments received covered a range of points around who should be consulted, what information should be shared and when the consultation should take place.

3.10.19. A number of the points raised about who should be consulted and the information that would be shared are helpful as they can inform the future design of this consultation. On the date for this specific consultation, it is recognised that a number of comments have been received suggesting that consultation should take place sooner than this, however it is Combined Authority's view that the 24 month proposal, which would therefore mean consultation took place by March 2029, would allow the full scheme to have been in operation for six months following mobilisation and therefore would provide a more comprehensive and coherent consultation of the scheme as a whole. The Combined Authority could still consider consulting earlier than this specifically on the operations of the contracts that have commenced in the first two rounds.

4. Strategic Case

4.1. Introduction

4.1.1. This section looks to set out the responses received through the Bus Reform consultation on the Strategic Case of the Assessment across the short and long questionnaire and the conclusion of the Assessment.

4.1.2. The Strategic Case in the Assessment sets out a case for change for bus reform in West Yorkshire, considering two bus reform options against policy objectives of the Combined Authority, neighbouring authorities and national level initiatives. The Strategic Case considers the National Bus Strategy (2021) alongside local policy context including the West Yorkshire Transport Strategy 2040 and the Bus Service Improvement Plan (BSIP).

4.1.3. The Strategic Case sets out how the current bus system in West Yorkshire faces fundamental challenges impacting the customer is the day-to-day experience of using the bus and operator/market challenges, affecting financial stability and running of services.

4.1.4. The drivers for change are outlines and are framed around the five delivery areas identified within the West Yorkshire BSIP. These delivery areas are used throughout the Strategic Case to demonstrate what needs to be achieved for bus in West Yorkshire and how the two bus reform options can deliver against these. The options are assessed against the strategic objectives defined in the case.

4.1.5. The Strategic Case concludes that there are a variety of benefits to bus reform that can be achieved, albeit to differing degrees across both options. Most impact will be seen in areas of the network, fares and ticketing and customer service and information.

4.1.6. Whilst both options perform above the current Enhanced Partnership (EP Reference Case), the simplicity and ease of delivering interventions through the Proposed Franchising Scheme was seen to provide better control and certainty to bus customers and a greater ability to achieve strategic objectives, compared to the EP+.

4.1.7. In the short questionnaire the following questions were asked:

Q1. The Strategic Case sets out the challenges facing the West Yorkshire bus market and says it is not performing as well as it could. Do you have any comments on this?

Q2. The Strategic Case concludes that the Proposed Franchising Scheme is the best option for the Combined Authority to meet its strategic objectives for bus in the Region. Do you have any comments on this?

4.1.8. In the long questionnaire the following questions were asked:

Q9. The Strategic Case sets out the challenges facing the West Yorkshire bus system and says it is not performing as well as it could. Do you have any comments on this?

Q10. The Strategic Case suggests that reforming the bus market is the right thing to do to address the challenges facing the local bus market. Do you have any comments on this?

Q11. Do you have any comments on the Combined Authority's objectives as set out in the Strategic Case?

Q12. Do you have any comments on how the Proposed Franchising Scheme could deliver the impacts set out in the Strategic Case and therefore contribute to bus reform objectives?

Q13. Do you have any comments on how the EP+ could deliver the impacts set out in the Strategic Case and therefore contribute to bus reform objectives?

Q14. The Strategic Case concludes that the Proposed Franchising Scheme is the best option for the Combined Authority to meet its strategic objectives for bus in the Region. Do you have any comments on this?

4.1.9. This section discusses issues raised in response to these questions through submissions to the Bus Reform consultation across emails, letters and the online questionnaire. The structure of this section reflects the key themes identified across these responses.

4.1.10. This section also looks to consider the wider public responses to the consultation which are quantified and analysed in the DJS Research report.

4.1.11. The DJS Research report found public support for the need for reform, with respondents agreeing that bus plays an important role connecting customers to employment and education, healthcare and leisure activities. Support for reform was indicated by two in five public responses (378) stating that the bus system was underperforming and over one quarter suggested that the bus system needs improving (269). Support was also received to objectives particularly benefitting the customer such as network enhancement, ticketing and customer service improvements, and improving fleet standards (see section 6.3 of the DJS Research Report). It was noted by a number of respondents that the bus system needs to deliver against local objectives and recognise the individuality of West Yorkshire.

4.1.12. There were differing views on:

- Drivers for change, including calls to consider external factors, congestion and bus priority
- Local Authority policy impacts
- Strategic performance of bus reform options
- Ability for the Combined Authority to deliver

4.1.13. The section is structured as follows:

- Theme 1: Challenges facing the bus industry and evidence for reform
- Theme 2: Consideration of the objectives presented
- Theme 3: Bus Reform Options
- Theme 4: Issues with bus priority and highways management
- Theme 5: Approach to customer service and information
- Theme 6: Environmental sustainability
- Theme 7: fares and ticketing
- Theme 8: Network
- Insight from qualitative research on Strategic Case issues
- Strategic Case conclusion

4.2. Theme 1: Challenges facing the bus industry and evidence for reform

4.2.1. A number of incumbent operators, passenger interest groups and local authorities submitted responses relating to additional issues affecting bus performance that they wanted more consideration of within the Assessment, or wanted to provide further information on in support of the Assessment.

4.2.2. A number of incumbent operators highlighted additional external influences and national issues challenging that these are some of the key influences on the operation of buses services currently.

External influences

4.2.3. A number of incumbent operators and operator/passenger groups highlighted additional external influences that have impacted bus services with the argument that changing the bus governance mechanism does not change the economics of running a bus service, which is influenced by many independent external factors. In addition, Bus Users UK suggest that the Strategic Case is based on national challenges, rather than local challenges and therefore the issues impact across the national bus system, they cited areas where patronage is increasing which are in enhanced partnerships. CPT quote that "*75% of the decline in bus passenger numbers can be attributed to factors outside the operator's control*". One of these is the decline in bus patronage, noting that the decrease in patronage is closely aligned to an increase in private car ownership. Arriva, Transdev and CPT point to this evidence and their responses demonstrate that this trend was seen prior to deregulation in the 1980s. The responses suggest that the bus reform options do not consider these wider external issues.

4.2.4. Arriva, Transdev, CPT and Connexions also note the impact that the Covid-19 pandemic had on bus patronage which changed working patterns and significantly impacted the bus market. Whilst government funds have helped to some degree, patterns have not yet stabilised. In addition to this, Transdev highlighted additional external shocks impacting the bus market including Brexit which has created staff shortages, inflation, impacted supply change and created uncertainty. Transdev conclude by saying that more stability is needed across the bus market as this is impacting their ability to reinvest, recruit and propose new services with insufficient support over the recent years. A smaller operator perspective from J&B Travel highlights these external challenges, alongside political pressure which is creating pressure on bus operators to operate.

4.2.5. Other respondents noted that the long term decline in patronage is indicative of a challenge that need to be addressed for the bus market to attract and retain customers. The decline in patronage is stated to be crucial in addressing this and is not just evident in West Yorkshire as TfGM noted in their response.

4.2.6. The Strategic Case recognises external factors that have increased the cost of running services affecting financial sustainability for bus operators, whilst noting that patronage has been in long term decline and that patronage targets are far from being met.

4.2.7. The Combined Authority acknowledges the impact and influence of external factors that influence the bus market; however, it is clear that these issues are sufficiently covered in the drivers for change within the Strategic Case of the Assessment. The impact of the Covid-19 pandemic is referenced several times, particularly relating to the uncertainty on recovery post pandemic and the disruption it caused to the bus network. The Strategic Case also demonstrates the increased public spending on the network since the pandemic due to the slow recovery of bus patronage and the uncertainty of funding for operators.

4.2.8. Car ownership is noted within the drivers for change, demonstrating that car ownership costs have risen more slowly than public transport costs, making it a more attractive travel mode supported through the analysis that demonstrates car is the dominant mode of travel across West Yorkshire. The conclusion of the Strategic Case recognises the challenges of falling bus patronage and financial stability which impacts services and the Combined Authority remain confident that the Proposed Franchising Scheme is better able to regulate this external influence through the control and certainty over the network and customer offer and therefore brings greater opportunity to achieve wider objectives and ambitions.

Decline in bus offer

4.2.9. Several organisations responded to the consultation giving views on the declining bus offer and the impact this is having on passengers. The comments on this sub-theme were supportive of bus reform pointing to issues with market-based solutions that have failed passengers and lead to bus patronage decline, alongside additional impacts on congestion, air quality and the economy.

4.2.10. The TUC raise the need for radical and extensive solutions to the issues experienced in the bus market and the impact this has on the travelling customer. The TUC's response reflects the need for radical intervention following deregulation of buses and the lack of investment seen in areas outside of London. This is reflected by South Pennine Community Transport who call for West Yorkshire to *"lead the way in delivering radical change and improvements for its people"*. In contrast to operator views, the TUC's response supports the decline in the bus offer as the cause of the rise in private car use. They argue that there is a clear precedent for an alternative option in managing the governance of bus services. The TUC claim the decline in bus offer has created network shrinkage and there are impacts on customers including overcrowding and forcing people into alternative forms of transport. Several of the West Yorkshire Local Authority's also highlight the impacts of the decline in bus offer across West Yorkshire resulting in the loss of roots and the long-term decline in patronage.

4.2.11. Action for Yorkshire's response points to the issues of privatisation and the substantial decline in the bus offer which has accompanied this, whilst the population of West Yorkshire has risen. They point to the issue of no competition and the market being led by a few large bus companies. Their response highlights "*the failure of the bus system to attract passengers*" which has wider impacts on car use and congestion which has a knock-on effect on journey times, leading to public money being spent on road schemes to alleviate problems. Action for Yorkshire concludes that the decline in the bus system does not support wider objectives and that Leeds, as a city, is increasingly dependent on private car usage.

4.2.12. Several other respondents highlight the failure of the current system, and the impact private operators are having on this which has created a "*cobbled product*" (Squarepeg), with Action for Yorkshire Transport, Friends of Dales Buses, Squarepeg, TUC Creative and Leisure Industries Committee and the West Yorkshire County Association of Trade Unions all suggesting privatisation has failed bus customers and had also led to worse conditions for bus workers. Unite further suggest that it is a system of 'managed decline' with companies focusing on profits rather than the communities they serve.

4.2.13. Aside from the specific responses raising the issues above, several responses showed general agreement with the need to reform the bus market to address the challenges as the bus service is important to thousands of people on a daily basis and plays an important role to the social, environmental, and economic needs of West Yorkshire. This was reflected in the DJS Research report which saw a variety of comments on issues with buses including reliability, cancellations, late running bus and lack of routes.

4.2.14. The Combined Authority recognises the challenges that exist in the current bus system and acknowledges these through the Strategic Case of the Assessment. A variety of issues contributed to the decline in bus offer and the need for governance reform is strongly recognised by the Combined Authority and through the Strategic Case at delivering better outcomes for bus customers. The Assessment demonstrated that both options would better deliver the Combined Authority's strategic ambitions as set out in the Assessment above and beyond what is being delivered through the current governance model.

4.2.15. Further discussion on some of the points raised here can be found in the discussion of the theme around ambitions and objectives (see section 4.3).

Additional evidence provided

4.2.16. Several respondents suggested additional evidence that may be useful in reviewing the impact of a governance mechanism change and pointed to some evidence that would be useful in the future.

4.2.17. Transport Focus provided an in depth response highlighting some of the key drivers for change that are highlighted in the reports that they compile. They have noted that their new Your Bus Journey survey is not available until March 2024 but that there is declining passenger satisfaction, whilst value for money and bus driver attitude has improved. Transport Focus recommended that the Combined Authority review passenger satisfaction once the new data becomes available. The response also demonstrated that in West Yorkshire frequency, punctuality, the network, and value for money are particularly high priorities. They also highlight barriers to bus use and demonstrate that issues around convenience, timing and network are high priorities.

4.2.18. There were specific suggestions, guided by Transport Focus's research on fares and ticketing and the communication of fares, tickets and specific policies to encourage younger travellers. It was noted that different passengers have distinct needs, highlighting younger passengers and the need to better design services to meet their needs. Another group that Transport Focus suggested needed a particular focus was the views of people who have a disability.

4.2.19. In addition, Transport Focus highlighted the current available data reflecting what elements are important to travelling customers, including timeliness, punctuality, journey time, value for money and waiting time. Research from Transport Focus was used in the Strategic Case document and the Combined Authority note it's importance in understanding customer priorities.

4.2.20. Better Buses for West Yorkshire provided extra evidence to support the decline in the bus offer drawing evidence from a range of reports from local to international organisations. They use this data to support the need for reform and point to the fact that no other European country has deregulated its buses, suggesting limited evidence to support a deregulated governance model. Better buses for West Yorkshire support the evidence with the statement that the bus network is one of the worst performing internationally and change is required.

4.2.21. The Competition and Markets Authority (CMA) noted that if particular data can be provided on fares, timetabling and live bus data further insight on passenger demand and travelling habits can be gained. There is the ability to go beyond what is currently offered and could deliver benefits through sharing data on passenger use, common routes, and congestion.

4.2.22. The Combined Authority used the latest available data at the point of producing the Strategic Case, including Transport Focus's Bus Passenger Survey in our Evidence for Reform document.

We welcome the publication of data that helps us better understand how to design services around customer needs and this will be important regardless of which option is taken forward. Also published alongside the Strategic Case was a data appendix which noted how data was used across the Strategic Case. The Combined Authority will continue to draw on Transport Focus reports for future reference and acknowledge they are an important source of information.

The Combined Authority's response

4.2.23. A variety of issues have been raised relating to challenges facing the bus industry and evidence for reform. The Combined Authority acknowledges the impact of external factors on the bus market and have demonstrated the use of data and objectives within the Strategic Case to acknowledging these factors within the Assessment.

4.2.24. External influences on the bus market are used within the Strategic Case of the Assessment to understand the bus operator context, particularly noting funding, inflation, driver shortages and the Covid-19 pandemic within sections 5.4 and 5.5 of the Strategic Case. This forms the case for change for bus relating to the operator environment, recognising the challenges that are faced by many operators within West Yorkshire.

4.2.25. In response to the points raised on patronage decline, the Strategic Case is based around improving the bus offer to bus customers and providing a viable and attractive alternative to the private car. The Strategic Case specifically notes that car usership is steadily increasing (page 56 of the Strategic Case) and that car remains the dominant mode of travel in West Yorkshire.

4.2.26. The responses discussed in regard to the decline of the bus offer support the case for change behind bus reform and the Strategic Case's conclusion that the bus offer is in decline in terms of network mileage, increased pressure on budgets and increased public funding to maintain the network.

4.2.27. It is also evident that there are challenges relating to the long term decline of the bus market, which is reflected through long term patronage decline. Many of the responses offered in the theme of a declining bus offer support the Combined Authority's Strategic Case which recognises the variety of issues which have led to a worse customer offering. The case for bus reform strongly rests of the need to drive improvements, with the Combined Authority recognising that the current scheme is not delivering the benefits required of the bus system. This is supported by the conclusions of the Strategic Case that demonstrate both options deliver against our strategic objectives above that of the current Enhanced Partnership.

4.2.28. The Combined Authority recognise the need to use current data to explore the latest trends, especially regarding customer views. The Combined Authority will ensure that our general bus monitoring, including updated BSIP, makes use of the additional sources provided upon their release, however notes that these cannot be used as part of the Assessment of bus reform as they were not published when the Assessment was completed.

4.2.29. Further discussion on some of the points raised here can be found in the discussion of theme 2 – consideration of the objectives presented (section 4.3).

4.3. Theme 2: Consideration of the objectives presented

4.3.1. This theme identifies responses that have flagged any concerns or adjustments required relating to the objectives presented and will discussed in the following sections.

4.3.2. Whilst many respondents supported the objectives in general, some questions were raised challenging their content and how they were presented within the Strategic Case.

Alignment

4.3.3. There was general support across a number of organisations encompassing operators, passenger groups, West Yorkshire local authority's and neighbouring authorities that the objectives presented aligned with their ambitions and vision for the bus system in West Yorkshire. Across those that supported this view, there was a general feeling that organisations wanted to work in partnership to achieve similar benefits for the bus system.

4.3.4. CPT noted that bus operators are keen to achieve common goals and operators would work in partnership with the Combined Authority regardless of the governance mechanism. Whilst more supportive of the EP+, Transdev noted that the objectives give the opportunity for better collaboration across public private partnerships with increased cooperation likely to improve the public transport network. This view was supported by numerous smaller operators including South Pennine Community Transport who said there was a great spirit and desire across operators to reform bus services.

4.3.5. All five of West Yorkshire Local Authorities were supportive of the objectives and noted that they aligned to their own policies, recognising the importance of a sustainable transport offer across West Yorkshire and in future policy and transport interventions, such as Mass Transit. Calderdale Council noted that the bus network needed to be more responsive to local objectives and more broadly across districts it was noted that achieving bus reform objectives would complement Local Authority wider economic and environmental ambitions. Leeds City Council supported this view, noting alignment with their Best City Ambition, however they noted that the five districts across West Yorkshire have differing levels of aspirations on the role of bus within their local plans and that bus reform ambitions will have to be somewhat specific to each district's challenges and aspirations.

4.3.6. Neighbouring local authorities also showed alignment across objectives in their responses, irrespective of the governance model being pursued. Lancashire County Council did note that the objectives required adequate funding and resources to enable the achievement of the stated objectives. Neighbouring authorities did note the importance of ongoing engagement to ensure objectives around customer service and ticketing do not impact on cross-boundary services. TfGM noted that on introduction of their franchising scheme they set ambitious patronage growth targets, and they expressed hope that West Yorkshire would support their objectives with a similar level of ambition but agreed that franchising can deliver more benefits which guided their decision to introduce such a scheme.

4.3.7. The TUC supported the objectives and went further in suggesting a hierarchy for improvements to the bus service for passengers in the following order: accessible, reliable, punctual, on-board experience. The TUC claimed that these elements that would support getting more people onto buses.

4.3.8. Within the DJS Research report a small number of comments (99) were received from the public regarding the objectives used in the Strategic Case. The main comments raised included 'agreement or support for the objectives' (27 responses), with some suggesting 'that bus services needed to be become more reliable' (7), whilst a small number of people did express 'concerns that the objectives might not work' (5).

Challenge on objectives

4.3.9. There were positive and negative responses in relation to how the Combined Authority's bus reform objectives align to wider policy with comments on ambition central to both of these. Alongside this there were a number of specific challenges on the objectives.

4.3.10. The response submitted on behalf of Globe and Station Coaches, and Dales and Bowland CIC supported the objectives in broad terms but called for them to have quantified time-bound targets, particularly around mode share.

4.3.11. Transport Focus raised a question on the objectives highlighting that whilst they reflect passengers' concerns, it is unclear whether the Combined Authority will achieve them. They draw a comparison with Greater Manchester's Proposed Franchising Scheme which contained more detail on the specifics of delivery, therefore outlining what the objectives could achieve. Further to this, they suggested that if specifications and targets reflect people's needs, services will be better designed and draw more and new users to the market. Dales and Bowland noted in addition that whilst shortcomings are identified, the objectives lack actions to deal with these.

4.3.12. Better Buses for West Yorkshire note in their response the restrictive nature of DfT legislation in forming the objectives, expressing that they are not wholly satisfied with the objectives presented. They suggest aligning the objectives on infrastructure (bus priority and green vehicles) to better capture passenger experience, climate, and community goals which through policy decisions on infrastructure are made. This would refocus objectives on reliability and punctuality, and cleaner air.

4.3.13. In Squarepeg's response they state that there is a need to include further detail or reflections towards passengers. They call for a need for behaviour change, acknowledging the fact that for many bus travel is not a choice but a necessity. Squarepeg therefore suggest that prioritising the customer should be the most important consideration as other benefits would flow from increased patronage. They also challenged the "wish list" stating it was too long with the priority needing to be getting buses on the road and full of passengers.

4.3.14. In addition, Bus Users UK questioned the level of detail included on route optimisation, stating that the document should outline how the options would deliver against objectives on service quality and efficiency. They made specific reference on plans to achieve objectives around network and services which would enable the Proposed Franchising Scheme to be compared against the EP+ option.

4.3.15. First West Yorkshire's response indicated that they believed that the Proposed Franchising Scheme is unable to achieve transport policy targets, specifically noting the 25% increase in bus patronage included within the Transport Strategy 2040.. They note the Franchising Guidance which suggests objectives need to align with objectives within the Combined Authority's wider transport policy. They claim that focusing on increased bus mode share, decreased car mode share and decrease carbon emissions do not realise these transport policy targets. First West Yorkshire suggested that it raised significant questions regarding whether the Proposed Franchising Scheme could achieve wider transport policy and therefore whether the scheme was suitability, making additional points that benefits were overstated for the Proposed Franchising Scheme and did not take account of implementation issues.

4.3.16. First West Yorkshire also raise concerns that the Strategic Case does not provide detail on how the Combined Authority will use additional control to deliver better outcomes for customers and achieve objectives and linking this to the assumed patronage decline noted elsewhere in the Assessment. They highlight a concern of an implicit assumption that the Combined Authority is better placed to address the challenges identified in the bus market, but suggest there is a lack of evidence to support this, particularly noting the existing expertise of commercial operators. Other operators, including Transdev and Globe and Station Coaches, echo the concern that the Combined Authority claims that greater control delivers greater benefits. Transdev state that "there are no guarantees that control will be deployed in a manner that maximises benefits, especially if funding becomes an issue".

4.3.17. Countering this challenge, Calderdale Council and several bus passenger groups have responded to show support for objectives in its ability to make the bus a more attractive travel mode and increasing bus patronage. The Peak District Park Authority noted the complementary impact this would have on wider Combined Authority objectives including air quality and economic growth whilst CPT did note the positive alignment with goals on reducing car ownership.

4.3.18. One of the challenges levelled by multiple stakeholders is the lack of an objective on patronage growth. Friends of Dales Buses challenged that the consultation was not positive due to the use of wording around managing decline, whilst several bus operators were concerned that the options did not have a plan to increase bus use and that this was not reflected in the objectives. Bus Users UK question whether the strategic objectives can be achieved if no patronage increase is seen, therefore raising concerns of additional costs for policy levers to support options to deliver. Adding to this TLC suggest that with a declining market it is better to opt for the best value governance mechanism. Campaign for Better Transport noted the importance to reverse the decline in bus patronage without which the Combined Authority would not achieve wider objectives around economic growth, net zero and addressing health and social inequalities suggesting the need to fund policy interventions to grow patronage.

4.3.19. Operators in particular expressed concerns that the models within the Assessment do not show ambition and do not address challenges, therefore questioning the objectives. Transdev recognised that whilst being "*straightforward and logical*" there was a lack of scope for radical change to the market, especially where modal shift was not fully recognised. Connexions added that the objectives must include passenger growth, not stagnation and decline, whilst TLC level a challenge that they do not feel that the Proposed Franchising Scheme will deliver on the objectives set and questioned whether investing in such a scheme whilst there is a declining local and national bus market is a sensible decision.

The Combined Authority's response

<u>Alignment</u>

4.3.20. The Combined Authority welcomes the support of organisations in achieving their ambitions and objectives for bus. The close alignment of responses from a number of organisations supports that the Strategic Case includes appropriate objectives, whilst it has demonstrated the alignment with broader transport strategy as noted by several respondents.

4.3.21. In response to the comments from Leeds City Council and the need for differing levels of aspirations to be understood, this will be largely addressed in policy in further policy interventions, noting that the Strategic Case does align broadly with each of the five district's transport policies.

4.3.22. In response to comments regarding funding, the wider Assessment shows the funding available to achieve the objectives. In response to TfGM's comment regarding patronage targets, the Combined Authority is currently developing a new Local Transport Plan which will include wider vision across transport and reflect our ambitions across patronage and modal share.

Challenge on objectives

4.3.23. In response to concerns on objective formation and design (Better Buses for West Yorkshire, Bus Users UK, Dales and Bowland CIC, Globe and Station Coaches, Squarepeg and Transport Focus) , the Combined Authority followed statutory guidance in formulating objectives which requires detail on how bus reform options will achieve adopted policies of the Combined Authority. The objectives reflect the challenges facing the bus system in West Yorkshire and therefore achieving them would help to support the bus market allowing for improved customer service and providing financial stability. Our BSIP is aimed at delivering a better passenger experience with the objectives use passenger data to inform them based on the challenges identified within section 6 of the Strategic Case. The Combined Authority has no hierarchy in addressing the objectives and all are approached with equal weighting. The objectives formed show a clear link to the Combined Authority's overarching policies and strategies, such as the West Yorkshire Transport Strategy and more bus specific policy in reflecting the ambitions of the BSIP.

4.3.24. Regarding the comments from Transport Focus regarding the delivery of objectives, consideration will be given in future business cases to ensure specific, time bound targets are set in line with our ambitions for bus reform.

4.3.25. Responding to the challenge by First West Yorkshire, the Combined Authority recognise that it is not down to the governance of bus alone to achieve policy ambitions, and that it forms one element that contributes towards these targets. The Strategic Case makes references to other policy measures that are required to support either option, including bus priority, but these have not been assumed as being delivered under any of the options and they are subject to further decision-making processes and available funding. The objectives used within the Strategic Case directly reflect the objectives contained within the West Yorkshire Transport Strategy 2040 of the economy, environment and people and place. The patronage target referred to is a policy target, rather than a stated objective. Responding to the claim that benefits are overstated, there is evidence demonstrating the strategic benefits against the delivery of objectives within section 10 of the Strategic Case which concludes that the Proposed Franchising Scheme delivers more consistency for bus customers due to the need for operator agreement under the EP+. This is further supported by the evidence presented in the Economic Case, that concludes that the Proposed Franchising Scheme has a higher NPV than the EP+ and generates a wider range and scale of non-monetised benefit.

4.3.26. Regarding First West Yorkshire's concerns on the detail on how the Combined Authority would use control to deliver better outcomes, Section 10 of the Strategic Case is focussed on looking at how the reform options deliver against the objectives. In a number of areas, the wider Assessment explains how control could deliver better outcomes such as within the Commercial Case which shows the benefit of control over the fleet to purchase zero emission buses and implement consistent standards. The focus within the Strategic Case is the strategic benefit of the certainty and control which allow for a more consistent bus offer to customers when comparing the Proposed Franchising Scheme to the EP+.

4.3.27. The Combined Authority note the concerns regarding patronage objectives that have been provided in responses. All of the objectives included within the Strategic Case aim to provide a better bus service that would encourage more people to travel by bus, it is therefore implicit that our strategic aim is to provide a better bus service and it is not a requirement of the Strategic Case to model how these interventions could impact bus patronage. It is also noted under both options that complementary measures could be implemented regardless of governance mechanism which would look to boost patronage. As above, the Combined Authority is required to relate the objectives of bus reform back to existing policies and strategies and it does this by aligning to the objectives within those policies and strategies. The Combined Authority therefore remains of the view that bus patronage does not need to be included as a separate objective.

4.3.28. The Combined Authority notes the general support received for the objectives with a number of organisations expressing that these align with their own objectives. This is particularly important as it offers assurance that our objectives are reflective of others within the industry and organisations that the Combined Authority would work closely with under either option of bus reform. This reaffirms that the Strategic Case reflects the challenges and objectives that are greatest importance across the Region. In regard to the challenges raised, the objectives used within the Strategic Case were formed using statutory guidance which required the Combined Authority to consider existing policies and reflect their objectives. The two overarching objectives consider the Transport Strategy 2040 and the BSIP and the objectives used within these policies. In addition, other strategies and policies are referred to, such as the mode share considerations reflecting our ambitions in our Climate and Environment Plan. This demonstrates that the Combined Authority have used statutory guidance in the formation of objectives, considering transport and wider policy context in their formation.

4.3.29. The objectives used are measurable, demonstrated through the measures column included in Table 14 in the Strategic Case and the Combined Authority will set specific targets against those objectives once a monitoring and evaluation plan is in place to support the bus reform option that is selected.

4.3.30. Specifically on patronage growth, all of the objectives aim to provide a better bus service that would encourage more people to travel by bus, it is therefore implicit that our strategic aim is to provide a better bus service and encourage patronage growth, with the Economic Case then modelling these interventions. It is also noted that additional interventions, such as bus priority, will be considered under both options, subject to funding, which may encourage new bus users to services under both options.

4.4. Theme 3: Bus Reform Options

4.4.1. This theme covers issues highlighting particular responses in favour of delivering against a particular option. It looks at partnership success and option considerations highlighting advantages and disadvantages associated with the options presented in the Assessment. Particular issues with the delivery of some themes are covered elsewhere in this section.

Partnership success

4.4.2. Several incumbent operators highlighted existing partnership success to demonstrate the strengths of continuing in an enhanced partnership with operators. Arriva highlighted several successes of the existing EP including successful funding bids for electric buses and fleet investment. CPT add that there are successes demonstrating quick and effective delivery through the existing governance structure including schemes around young people’s fares, Mayor’s Fares, school unform policy and operation Husky (an adopted protocol covering major disruption affecting operation of bus services). CPT added that there are examples elsewhere in the country which demonstrate how an enhanced partnership model can deliver transformative change at a fast pace. These views were also supported by Transdev, noting the successes in recent years achieved through collaborative working and willingness to change historic ways of working.

4.4.3. Whist South Pennine Community Transport acknowledge the need for reform it stresses the importance of needing to continue the traditions of cooperation and hard work that are an asset to West Yorkshire. They touch on the successes of the MCard and the ability for cooperation to be a driving force.

The EP+

4.4.4. Another focus for responses was the EP+ and the ability it has to deliver within West Yorkshire. There was a variety of views, highlighting weaknesses and strengths of the EP+ approach to governance of bus within West Yorkshire. It was noted by several respondents that the EP+ would use the same governance mechanism as the existing EP with additional policy levers and powers to create the most ambitious EP allowable in West Yorkshire.

4.4.5. In relation to the delivery of options through the EP+ several operators stated that the EP+ could achieve objectives more quickly than franchising with less financial risk to the Combined Authority. A number of incumbent operators noted the commitment that has already been confirmed by those operators to the EP+ proposals which, once formalised legally, could then deliver much more quickly than the Proposed Franchising Scheme. Arriva stated that all of the objectives could be delivered under the EP+ without the additional costs that the Proposed Franchising Scheme brings. Several operators highlight successes that prove that objectives can be delivered through enhanced partnerships, such as the Mayor's Fares ticketing scheme and operator investment in ticketing machines. J&B Travel noted that the majority of interventions detailed in the objectives could be delivered through the EP+ with political support. In addition, Bus Users UK highlighted the risk of local government funding and politics which would ultimately impact the ability of the Proposed Franchising Scheme to deliver across the objectives. Several respondents also highlighted the ability to pursue greater collaboration through the working groups in the EP+.

4.4.6. Transdev supported the EP+ in balancing the benefits of a commercial environment against public sector influence and brings flexibility and a cost-effective way to deliver a better bus system. Their response suggested that the EP+ would be much less disruptive compared to the Proposed Franchising Scheme and benefits to the passenger could be achieved earlier. Other operators highlighted that the EP+ goes further than ever before, presenting an improved and dynamic model compared to the current EP. Connexions added that commercial companies need to provide good services in order to survive and that working in partnership is "*the only way to do this*", adding that the EP+ has the potential to provide better benefits than the Proposed Franchising Scheme as it is more customer needs led and has less bureaucracy.

4.4.7. First West Yorkshire's response suggested that there is a lack of evidence suggesting why and how objectives in the Strategic Case could not be achieved through the EP+, citing that operators have provided letters of commitment, that commitments would be legally binding and that the Combined Authority would have additional enforcement powers.

4.4.8. Somewhat contrasting to the point raised by First West Yorkshire, Bus Users UK suggested that the successful implementation of the EP+ would be dependent on operator agreement, negotiation, and funding. It was stressed that communication and alignment would be required to overcome potential challenges. In addition, Bus Users UK suggested the need for the EP+ to be flexible and adaptable to changing circumstances to meet fluctuating markets and associated challenges and opportunities.

4.4.9. Squarepeg highlighted the enforcement around the Proposed Franchising Scheme with the issue of negotiation in the EP+ option watering down commitments with control now the only option to see an improvement. Weaknesses of the EP+ were discussed around multiple parties wanting different outcomes which results in "*tinkering with the problem instead of dealing with it".*

4.4.10. Several respondents highlighted the potential risks in pursuing the EP+ as this option requires reliance on a number of commercial factors, causing issues such as delay or complication in achieving bus reform objectives. Squarepeg also suggested that the EP+ would not stem the decline seen in bus patronage.

4.4.11. Multiple West Yorkshire district councils and neighbouring LTAs responded with concerns about how well the EP+ aligns to the objectives and that whilst the EP+ does present improvements there were particular concerns regarding the longevity, scope and risk posed to the commercial environment under this option. These respondents therefore thought that the EP+ does not deliver the long-term stability required for the bus market, with Calderdale Council raising concerns on the EP+ being of undefined duration and not being legally robust.

4.4.12. Unions and several passenger groups also highlighted views on the EP+ potentially failing to enhance bus services which questions whether this option could waste funding and create further disillusionment with bus services. One of the concerns raised by Better Buses for West Yorkshire included the need for operator consent which would be required under the EP+ with private operators only acting to serve their interests. Unite stated that they "*have no confidence in an enhanced partnership plus proposal*" and noted that operators had been seeking support for this option.

4.4.13. The DJS Research report shows the public response to be sceptical regarding the EP+ proposals, several disagreed with the EP+ proposal, whilst some expressed a view that the EP+ would work or make any difference.

The Proposed Franchising Scheme

4.4.14. A variety of views were also received on the Proposed Franchising Scheme and how far this option could go to realise objectives. TLC highlighted the absence of concrete evidence that objectives could be better achieved through the Proposed Franchising Scheme.

4.4.15. A risk was identified by Transdev stating that if a franchise environment was "*wrongly organised*" then it could result in a small concentration of larger operators. Some operators also expressed a concern about organisational buy in at the Combined Authority and needing colleagues to support the Proposed Franchising Scheme if it was implemented. Other operators stressed the need for any franchising scheme to be designed and delivered effectively.

4.4.16. The need for accountability came across in several responses, suggesting that full public accountability would be required if a franchising scheme was introduced in West Yorkshire.

4.4.17. Bus Users UK challenged the conclusion of the Strategic Case as it was unclear whether the Proposed Franchising Scheme is the right thing to do as the proposal is based only upon projections. In addition, J&B Travel challenged that the Proposed Franchising Scheme will result in patronage decline and that some of the proposed interventions, such as vehicle standardisation, will be very lengthy to implement. Several operators raised concerns that the real test for the Proposed Franchising Scheme is whether it can increase passenger numbers through providing reliable, high quality and value for money services.

4.4.18. A concern raised by South Pennine Community Transport is the need for the Proposed Franchising Scheme to be bespoke to West Yorkshire in a way that the option is "*fit and relevant to its people and landscapes*". They stressed the need for and importance of a flexible, robust, financially durable and brave model in order to deliver the required change.

4.4.19. Further to this, First West Yorkshire challenged that the Strategic Case focuses heavily on the implementation risks of the EP+, particularly noting references to achieving operator agreement. They claim the treatment of risk in this way largely ignores the significant implementation risks associated with the Proposed Franchising Scheme and note the number of risks detailed within the Management Case. First West Yorkshire therefore claim the risk associated with the Proposed Franchising Scheme is downplayed and does not present an equal and balanced assessment of the two options, resulting in underestimation of risks in implementing the Proposed Franchising Scheme and therefore impacting the ability for the Combined Authority to achieve strategic benefits.

4.4.20. There were 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. This was reflected in the public response, discussed in further detail in the DJS Research Report, showing that the majority of respondents either explicitly supported the Proposed Franchising Scheme, stated that change needs to happen or had comments on the poor offering and the prioritisation of profit over services.

4.4.21. Several West Yorkshire local authorities, along with the Peak District National Park Authority noted that the Proposed Franchising Scheme allows for better oversight to meet the objectives due to enabling a better focus on the challenges and to take an area wide approach to solving them, with Calderdale Council focusing on the long-term stability it would offer and the potential for the Proposed Franchising Scheme to grow bus patronage as it has successfully done in London.

4.4.22. Unions broadly supported these points and highlighted the failings of private bus operators who have not taken advantage of a collaborative approach and the Proposed Franchising Scheme is the only way to deliver wider ambitions around climate and public transport access. The TUC emphasised several benefits of the Proposed Franchising Scheme of safer, open and inclusive transport with control allowing greater opportunity on these themes and Wakefield and District Trade Union Council added that the passenger focus of the Proposed Franchising Scheme brings greater benefits.

4.4.23. In addition, several neighbouring authorities' pursuing or adopting franchising schemes acknowledged the importance in sharing best practice in order to achieve objectives and propose innovative solutions to common challenges, stating the possibilities to improve cross-boundary services.

4.4.24. On positive responses to the Proposed Franchising Scheme issues of certainty and control, rather than relying on private operators, came out as key topics for discussion. Action for Yorkshire Transport noted that under franchising there is financial incentive not to cancel buses, whilst performance regimes would hold operators to account more effectively.

4.4.25. The public response to the questionnaire, seen in the DJS Research Report, shows strong public support for the Proposed Franchising Scheme with over two thirds agreeing that it is the best option for the Combined Authority to meet its strategic objectives for bus in the Region. Positive comments were received, especially in relation on the Proposed Franchising Scheme's ability to connect communities and create a more unified transport system with some responses citing the success of similar schemes.

Neutral views on bus reform options

4.4.26. There were a number of neutral comments suggesting the same issues would exist in delivering on objectives across both options. Several operators noted that there were outstanding issues not covered by the objectives including congestion, bus priority and the level of spend on service delivery that meant the Proposed Franchising Scheme and the EP+ would ultimately not deliver effectively.

4.4.27. A number of organisations presented a neutral view across the delivery of objectives stating that objectives could be delivered across either option. This view was supported by a variety of stakeholders including several operators and operator groups. Bus Users UK pointed to a lack of information that demonstrates why the Proposed Franchising Scheme would deliver the objectives better than the EP+, suggesting an equal passenger benefit across both options.

4.4.28. Action for Yorkshire Transport also noted that whilst the objectives were agreeable, franchising on its own will not provide the full solution. The Combined Authority are confident that this is expressed in the Assessment Conclusion noting the need for additional policy interventions to deliver better outcomes for bus customers.

4.4.29. The Competition and Markets Authority recognised the Proposed Franchising Scheme as an "*important policy option*" and that the Bus Service Act (2017) has empowered LTAs to reenvisage their local bus markets. Their response highlighted that innovation and knowledge determine the success of franchised operations and can bring about a boost in passenger numbers, however stressed that it is for policy makers to "*judge and balance risks…and benefits, both in relation to the impacts on competition and consumers, and in relation to wide policy objectives*". Several other responses also suggested that it was the decision of the Combined Authority on which option best addresses the strategic objectives to achieve our strategic objectives.

Additional considerations

4.4.30. Several respondents had additional views and suggestions which could determine the success of both the EP+ and the Proposed Franchising Scheme and highlighted these in their responses.

4.4.31. Others urged caution including CPT, who called for the Combined Authority to consider all options evaluated against the same objectives, ensuring decision makers have all the information required. Other respondents highlighted models that have demonstrated success, however several respondents did make the suggestion that franchising in the rail sector has not been successful.

4.4.32. Transport Focus noted that the consultation focused on a theoretical model of franchising and enhanced partnership with neither of these options being detailed in what they would deliver. They suggested it is up to the current and future Mayor of West Yorkshire to determine what priority to give to improving bus services and is also dependent on funding bodies and how much support they offer.

4.4.33. Several unions and campaign groups also suggested that full public ownership and a publicly owned bus company should be the ultimate goal, bringing most benefits for bus workers and passengers and would be the best way to achieve the Combined Authority's strategic objectives. Examples were cited to support this view, including Germany which has proven success with this model. In addition to this, the TUC suggested that under the Proposed Franchising Scheme the opportunity should be taken to "*place bus infrastructure under public ownership*".

4.4.34. South Pennine Community Transport highlighted a "*new super partnership with Kirklees, Calderdale, Wakefield, Bradford and Leeds Council's and utilities for a fully integrated highway liaison system*" which would act in the public interest.

4.4.35. The National Bus Strategy cited in the Strategic Case was challenged by Better Buses for West Yorkshire who claim that government funding could have been accessed without entering an enhanced partnership, therefore we could have prepared the Assessment quicker and implemented franchising at a quicker pace.

The Combined Authority's response

Partnership Success

4.4.36. The Combined Authority acknowledge that the current EP has delivered change and acknowledges the partnership achievements through working with operators in West Yorkshire. The limitations, however, outweigh the achievements with the expected progress not having being realised for a variety of reasons. This is discussed in section 7.6 in the Strategic Case of the Assessment that aligns BSIP delivery areas to interventions, or lack of interventions, in the current EP and concludes that there has been a limited contribution to the current EP in addressing BSIP delivery areas and the expected progress has not been realised.

The EP+

4.4.37. The Combined Authority recognises that there are a range of views on the EP+ and was encouraged to see engagement on this topic. We maintain our conclusions of the Strategic Case that the strategic objectives of bus reform can be better delivered under the Proposed Franchising Scheme as it offers the control and certainty to the Combined Authority and does not rely on operator negotiation, as some of the EP+ interventions require. It is noted that the EP+ does perform better than the current EP and the Combined Authority acknowledge that there have been successes through the current partnership.

4.4.38. In regard to the specific challenge from First West Yorkshire in the lack of evidence supporting conclusions that the EP+ would be less likely to achieve the objectives, the Combined Authority is clear in the Strategic Case where operators have firmly committed to implementing something. It is noted that letters of support are included, but these are not legally binding on operators and that formal negotiation of the EP+ would need to be completed with operators remaining sufficiently aligned on the detail of those proposals for them to be implemented, with the risk that some commitments may not come to fruition. This additional work would therefore need to be successfully completed, for there to be the certainty required over reallocation of network resource through the Network Management Group and to give confidence of funding being available to invest in ZEBs. The Strategic Case also notes that the current EP has not always delivered against targets, including missing targets on expected outcomes, such as patronage. The Combined Authority remains of the view that the consideration of the EP+ within the Assessment remains reasonable and balanced, as interventions under this option remain contingent on agreement being reached with multiple operators both to allow implementation of the EP+ which would be required, and also other ancillary agreements which also have not been made. It also remains fair to note that targets have been missed within the current EP and therefore use of this governance mechanism is not currently fully delivering, creating risk in its ability to deliver greater reform.

The Proposing Franchising Scheme

4.4.39. The responses supporting the Proposed Franchising Scheme generally align to the conclusions of the Strategic Case, demonstrating the strategic benefits of the Proposed Franchising Scheme delivering improved outcomes for bus customers through the consistency and certainty it could deliver if under control of the Combined Authority.

4.4.40. The Combined Authority recognise that a number of factors influence the current bus service including operational and market-based problems and that a combination of factors has led to the decline of the bus market.

4.4.41. In terms of the issues around risk discussed by Transdev in this section, our Commercial Case discusses competition issues in more detail within section 6.2 of this report. In summarising the Combined Authority's response within this section, we recognise the need to encourage a range of operators to bid as part of a successful franchise scheme through our Commercial Success Factors. In addition, as a public body, accountability to any scheme is of utmost importance and we would achieve this in the Proposed Franchising Scheme through transparent and regular reporting supported through public consultation as required. If a decision was made to progress with the Proposed Franchising Scheme a clearly defined monitoring and evaluation strategy would be developed setting out key performance indicators and allowing the Combined Authority to monitor operator performance through a performance regime which is discussed in further the Commercial Case section of this report (see section 6.2).

4.4.42. In relation to comments made from Bus Users UK around whether the Proposed Franchising Scheme better delivers than the EP+ the Combined Authority would refer to the Strategic Case conclusion that demonstrates the certainty and control offered through a franchising scheme that would allow the Combined Authority to have greater influence and deliver more consistency for customers. Better outcomes are seen especially in terms of consistency of customer offer through a single ticketing scheme and communications channel, and network through having a holistic view of the entire network. The benefits of the Proposed Franchising Scheme are further demonstrated in the conclusions across the other cases of the Assessment.

4.4.43. In response to issues raised by First West Yorkshire on the treatment of risk in the Strategic Case, the Combined Authority believes it is reasonable to highlight the implementation risk in regard to operator agreement – particularly noting that a new EP scheme would have to be negotiated alongside additional policy agreements. Operator letters have evidenced differing levels of commitments and only those with firm commitments can be reflected in the Strategic Case.

Neutral view on bus reform options

4.4.44. The Combined Authority recognise that some organisations did not show a strong preference for a particular option in the consultation and others felt that it was not within their remit to advise. The Combined Authority have taken all consultation responses and recognise that not all respondents felt the need to support a particular bus reform option. The Combined Authority has undertaken the Assessment in order to present evidence on how the two bus reform options perform which will be used as supporting evidence submitted the Mayor in order to make a decision.

4.4.45. In response to CPT's urge for caution, the Assessment already presents information to decision-makers and evaluates both options under the same criteria.

4.4.46. Regarding the suggestion that these are theoretical models, the process that the Combined Authority are undertaking is set out in legislation and the approach has been audited by an external agency. The Strategic Case forms the reasoning behind adopting a new approach to the governance of bus and is supported by modelling conclusions in other cases which set out whether it delivers value for money (Economic Case), how the commercial model could operate (Commercial Case), whether options are affordable (Financial Case) and the management structures required to deliver options (Management Case). The Combined Authority note that a scheme, until introduced, remains theoretical in nature and has undertaken sufficient modelling to present the expected outcomes of both bus reform options.

4.4.47. We recognise calls for public ownership from organisations. As set out in the Assessment, municipal ownership of bus companies is not an option the Combined Authority can currently legally pursue, and the Assessment is set out on the options that are available. In regards to bus infrastructure, if it is assumed that this goes beyond the buses and assets themselves, the Combined Authority are seeking through either option the use of Key Route Network powers, working in collaboration with Local Authority partners to deliver possible enhancements to the road network.

4.4.48. On the claims from Better Buses for West Yorkshire on not needing to enter an enhanced partnership, the Mayor was following guidance issued within the National Bus Strategy that set out that CBSSG (Covid-19 bus service support grant) and BSIP funding was contingent on entering into an enhanced partnership or franchising scheme. Greater Manchester and Liverpool City Region had already initiated their franchising process, as did Cambridgeshire on 9 May 2019. It is noted that the guidance does make reference to disapplying rules on an exceptional basis, but the Combined Authority wanted assurance in access to future funding. It should also be noted that the notice of intent for both the enhanced partnership and preparing a franchising scheme were twin tracked, showing commitment to assuring short term funding, whilst looking into longer term bus reform options.

Concluding remarks

4.4.49. The Combined Authority is clear in its Strategic Case that the Proposed Franchising Scheme would see strategic benefits from both bus reform options when compared to the Reference Case, albeit to differing degrees. The EP+ would demonstrate improvements across objectives but interventions may be limited as some are subject to operator agreement, and additional funding. The Proposed Franchising Scheme is seen to deliver against objectives in a way that provides better control and certainty to bus customers with the greater ability to achieve objectives under this option. It should be noted that whilst operators have proposed an EP+ option there is still a timeline associated with this relating to the legal process which could impact on implementation timescales and the ability to achieve the objectives.

4.4.50. The Combined Authority notes additional points raised in this section, but subject to the detailed points contained within the response, remains of the review that the conclusions in the Strategic

Case regarding the ability of options to deliver on objectives are assessed fully and the conclusions are well founded.

4.5. Theme 4: issues with bus priority and highways management

4.5.1. A number of operators and bus passenger groups, along with one of the five local authorities in West Yorkshire highlighted the issues around bus priority and highways management, supporting the view that a key focus on improving bus services should be supporting passengers to make quicker journeys through improved bus priority measures which would have a follow on impact on journey times.

4.5.2. A number of incumbent operators challenged the Assessment in its lack of focus on punctuality and performance. They argued that highways management directly impacts performance and efficiency of services and without infrastructure improvements only limited improvements to bus services can be made. Several operators stated that resources need to be more effectively targeted and road schemes better planned which is a key element affecting current bus service performance which is not properly acknowledged within the Assessment.

4.5.3. Several key issues were raised within the wider theme of bus priority and highways management which will be discussed under the headings of:

- Congestion and journey time
- Local Authority policy
- Alternative options

Congestion and journey time

4.5.4. Several incumbent bus operators highlighted congestion and journey times as the most significant measure that would improve services for passengers. Arriva noted that policy measures tackling congestion would shorten journey times and make the bus a more appealing option, therefore resulting in increased passenger numbers. They supported this with evidence from Transport Focus that demonstrates that passengers greatly value punctuality and therefore this should be a key focus. Several operators, including Arriva suggested that there are several benefits relating to the resource required to maintain frequencies in a congested environment, bringing benefits to ticket prices and opportunities for the network. Arriva responded that this issue is already under the control of the Combined Authority and therefore bus reform is not required to address it.

4.5.5. Several small and medium sized operators submitted similar responses to Arriva’s including responses submitted on behalf of Globe and Station Coaches, Ross Travel Group, J&B Travel, Connexions, and Dales and Bowland CIC. These operators all highlighted that the Proposed Franchising Scheme does not include measures or funding to tackle issues around bus priority and congestion and therefore the most significant issues for passengers are not resolved by franchising. The responses suggested that resources could be better deployed by being put into tackling these issues and several operators challenged that neither option will deliver on the objectives.

4.5.6. In addition, several smaller operators made the case that whilst the objectives included within the Strategic Case were agreeable, none of them deliver on the key issue of congestion, bus priority and the level of spend of service issues. Some operators added that neither bus reform option address these issues.

4.5.7. Several other groups supported congestion as the most significant single policy measure including CPT, who argued that increasing bus customers also has the benefit of taking more cars off the road. CPT noted that it is therefore punctuality that is the biggest issue affecting the performance of bus services with the governance mechanism for bus not being able to impact this. It was suggested that operators are unable to influence bus priority.

4.5.8. Action for Yorkshire Transport responded on the issue of congestion and reliability that an unreliable service reduces passenger demand and creates a vicious circle and that it was *“essential that buses are not held up by traffic congestion*”.

4.5.9. CPT and Bus Users UK responded with specific points regarding the implementation of on street infrastructure, including bus lanes. Their response highlighted the need for more bus lanes to speed up journey times. Bus Users UK highlighted the inconsistency in current measures which limits the effectiveness of the bus service, impacting customer confidence. Bus Users UK recognised the importance that Key Route Network (KRN) powers could play, working in partnership with operators to plan bus priority more effectivity.

4.5.10. Leeds City Council also noted the reference to KRN powers and invited the Combined Authority to meet to discuss how any potential new powers could be used in respect to bus reform.

4.5.11. Stagecoach responded that customer satisfaction is most heavily impacted by speed, frequency, and punctuality of buses and that any governance mechanism would need to be supported by bus priority measures and they were supportive of improvements in bus priority within the West Yorkshire Region. Their response highlighted that delivering growth in bus patronage will only be achieved through bus priority measures.

4.5.12. In addition to these points, Transport Focus noted the importance of enforcement of bus priority measures in order to seek the full benefits of infrastructure schemes.

4.5.13. Friends of Dales Buses responded with a differing view, accentuating the need for increased reliability, but additionally giving the view that franchising will assist this and help improve customer confidence in services through operators being "*'forced' to provide a 'service'*". Calderdale Council also supported the Proposed Franchising Scheme in improving the network and bringing additional benefits to modal integration and reducing journey times. They also identified that this option would help plan transport infrastructure, bringing further advantages to customers.

4.5.14. The DJS Research report sets out public responses to the consultation, and highlighted several issues with congestion and journey time within responses. Key concerns highlight issues around reliability and late running services. This shows that issues of congestion and journey time, whilst not explicitly linked to bus reform options within the public response, are important issues for the public.

Local Authority Policy

4.5.15. Several incumbent bus operators highlighted issues with local authority highways policy which contributes to issues of bus priority and highways management. Transdev highlighted that consistency in highways policy is not resolved by either option and alignment between the Combined Authority and West Yorkshire local authorities is agnostic to governance mechanism.

4.5.16. This view was also reflected in responses from Squarepeg, highlighting issues around compliance on journey times which are often impacted by local authority highways issues, such as roadworks. Roadworks impacting journey times and compliance are not within bus operators remit or responsibility to control.

4.5.17. J&B Travel supported these comments suggesting the need for local authorities to better coordinate highways. An additional point was raised on local authority schemes which have made it harder for bus and coach operators to access city centres.

4.5.18. In addition, Transdev supported the need for Local Authorities to consider additional policy measures such as road user pricing and workplace parking levies to help reverse the decline in bus patronage. Connexions also supported the use of the workplace parking levy, using implementation in Nottingham as an example. Transdev accentuate the point that there have been few local or national policy interventions that have looked to radically reduce private car use in over 70 years. The challenge is that without these measures, a governance change will not address fundamental issues in the bus market. Arriva's response reflected this, claiming that these issues could be addressed through the current model and that the EP+ would enhance this as operators and local authorities would have legally binding agreements on which complementary measures to take.

4.5.19. Action for Yorkshire transport supported the view that the Combined Authority is best placed to find solutions affecting congestion and journey reliability. In contrast to the above views Action for Yorkshire Transport suggested that operators have not effectively lobbied for change on this.

Combined Authority response and conclusion

4.5.20. The Combined Authority recognises congestion as a driver for change within the Strategic Case, noting that congestion "*impacts punctuality and reliability and…affects customer perceptions of travel and impacts the length of bus journeys*". The Combined Authority therefore acknowledge the significance of this factor within the Assessment. Enhancing priority for buses on the road is a key element of the Combined Authority's ambition for buses, with the need for journeying by bus to be quicker and a viable alternative to the private car, which is noted within the Strategic Case of the Assessment. The Combined Authority also acknowledge that enhancing bus priority is possible under both reform options and that investment is agnostic of governance mechanism, requiring additional capital investment. It is stated as a longer-term priority requiring additional funding and both options are treated equally in that respect.

4.5.21. The Combined Authority recognises issues such as inconsistency in application of highways policy through the Strategic Case of the Assessment, including by recognising lack of consistent highway policy across West Yorkshire within section 6 (drivers for change) and understanding this has resulted in a range of inconsistent bus priority and parking measures and differing enforcement across West Yorkshire authorities . Through identifying Bus Priority within the objectives of the Strategic Case it further supports the recognition of bus priority and congestion on the customer experience of bus in West Yorkshire. There are several levers which could be used to improve bus priority, and these are recognised as complementary, longer-term measures. Partnership working with the five district councils is identified as a priority through KRN powers, given through the Level 4 devolution deal, which will enable the Combined Authority to work more closely with authorities with highways responsibilities.

4.5.22. Greater control, offered through the Proposed Franchising Scheme, can support interventions in bus priority including through enforcement of franchise contracts and complementary bus priority measures. Whilst bus priority measures are neutral across both options (they would require additional funding and agreement) the Proposed Franchising Scheme could better coordinate these measures through the network benefits that it could bring, as noted in Section 10.3 of the Strategic Case of the Assessment.

4.5.23. Additional policy levers, including road user pricing and workplace parking levies are beyond the scope of this consultation and are issues that West Yorkshire local authorities would need to implement. As stated above, the Combined Authority recognise the importance of consistent highways policy and will continue to work with local authorities to find solutions that ease congestion whilst considering specific place based contexts for each local authority.

4.5.24. The Combined Authority acknowledges the importance of complementary bus priority measures and understands the concerns regarding congestion. The issue of congestion is covered within our BSIP which recognises the impact this has on service reliability. Further to this, our BSIP recognises that a consistent approach to Local Authority policy could help ease congestion and create a more attractive bus service. Both issues will remain priorities going forward and are recognised in the Strategic Case of the Assessment as drivers for change and objectives for reform regardless of governance mechanism.

4.5.25. The Combined Authority are therefore confident in the presentation of bus priority and congestion within the Strategic Case. These issues are acknowledged and addressed through the drivers for change section and ambition is shown through focusing objectives on BSIP delivery areas, which include bus priority. Changes in governance mechanisms for bus will not necessarily tackle these issues and governance reform needs to be accompanied by complementary measures to address issues around congestion and journey time. It should however be noted that the efficacy of implementation could be impacted through the Proposed Franchising Scheme, relating to the oversight the Combined Authority would have over the network and as discussed in section 10.3 of the Strategic Case.

4.6. Theme 5: approach to customer service and information

4.6.1. Several responses highlighted points around customer service and information relating to the Strategic Case of the Assessment. Within the Assessment, both options looked to improve the option with the case for change for the customer being based in the current consistency of the offering. Whilst there was general support for improvement in these areas, there were a few issues raised which are discussed below.

4.6.2. It was noted by several respondents, including Bus Users UK, that there is variability in customer satisfaction which highlights the need for a *"more standardised and customer centric approach*".

Quality of existing provision

4.6.3. A number of organisations sought clarity or raised concerns on the future of customer service and information, pointing towards issues with the quality of provision. The concerns around current provision raised issues on delivery of the objectives looking to improve the customer offering.

4.6.4. Several smaller operators consistently raised the quality of existing provision, suggesting the existing customer offering which is argued to be largely under the control of the Combined Authority, to be inaccurate and out of date. Dales and Bowland CIC highlighted particular issues concerning bus stations and bus stop information which was further supported by Globe and Station Coaches, and J&B Travel. Examples of failing provision were cited and J&B Travel suggested that the "*quality of provision now…isn't a good indicator of service delivery in a franchise*".

4.6.5. Concerns were also raised concerning the current complaints process, with Squarepeg suggesting Metro should be in charge currently but often passengers get passed around. This results in customers left feeling isolated and unheard. Additional suggestions were also given in Squarepeg's response around re-introducing conductors so that customers feel heard.

4.6.6. Customer expectations were raised by an operator, suggesting that customers sometimes expect too much of the bus since on demand taxi services have been introduced, making services difficult to deliver.

4.6.7. Existing provision of information was reflected in the DJS Research report with comments on provision of information at bus stops, the need for an Oyster Card system, and confusing ticketing arrangements. Whilst all relating to the current provision of customer service and information, some of these relate to services provided by the Combined Authority, and others relate to elements within the control of bus operators.

Safety and inclusivity

4.6.8. Several comments were given in response to questions in the Strategic Case highlighting issues on inclusivity for those with protected characteristics. These align to the themes assessed in the EQIA and can be found in this section of the report.

4.6.9. These were reflective of several categories identified in the DJS Research codeframe in which feeling unsafe at bus stops or on buses was raised as a concern.

Deliverability via different options

4.6.10. There were a few specific comments raised regarding the impact of delivering customer service and information under the options presented in the Assessment showcasing both the potential negatives and positives.

4.6.11. Several respondents showed support for either system as long as consistent information is provided. Action for Yorkshire Transport suggested that a condition of either option should be the provision of good quality printed timetables.

4.6.12. Transport Focus also supported general improvement, suggesting confusion over customer service and information may be losing potential passengers as they do not understand how to use to the bus or are faced with confusing ticket options.

<u>Enhanced Partnership Plus</u>

4.6.13. Several operators expressed that the EP+ option would be able to deliver the onboard experience and customer service standards at no cost to the Combined Authority. Positives were also expressed by Bus Users UK who commented on improvements available through the EP+ that would improve the overall experience for customers. Alongside general positive comments from incumbent operators, several also reaffirmed commitments set out in the EP+ including county wide livery.

<u>Proposed Franchising Scheme</u>

4.6.14. Several respondents supported the Proposed Franchising Scheme at delivering key objectives relating to customer service and information, highlighting the importance of simplification leading to improved customer satisfaction. In addition, Stagecoach also mentioned that this would allow operators to focus purely on operating buses and issues such as punctuality and reliability. Better

Buses for West Yorkshire added that the simplicity for customers of a single app, only achievable under the Proposed Franchising Scheme, is a unique opportunity. They added that the uncertainty and reliance on councils, the Combined Authority and operators to communicate well to achieve improved customer service under the EP+ will likely mean that the overall level of service is still poor.

4.6.15. TfGM also stressed the opportunities that the Proposed Franchising Scheme brings in delivering significant changes and improvements to customer experience, having an impact on the number of people travelling by bus and creation of a more cohesive network of ticketing and customer information.

4.6.16. A concern over the Proposed Franchising Scheme was flagged by Transdev as decreased contact of passengers with operators may impact antisocial behaviour and the ability to coordinate a response.

4.6.17. The benefits of the Proposed Franchising Scheme focusing on a unified and consistent customer service whilst beneficial, are argued could have been achieved through the current EP by Bus Users UK. Their response also identifies the need for accessibility through the design process, including advocate groups in the design of customer contact services under the Proposed Franchising Scheme.

Additional suggestions

4.6.18. Several potential enhancements to customer service and information were suggested by respondents including the need for accessible timetable information for any enhanced services. Wakefield and District Trade Union Council suggested that timetable information needs to be at bus stops and stations and also online that all users have suitable access.

4.6.19. In addition to the proposals in the Assessment, Campaign for Better Transport suggested that large marketing campaigns promoting improvements would be required to boost passenger numbers, resulting in boosting fare revenue and reducing reliance on public funding. They suggested that this should also be part of a wider part of public transport integration.

The Combined Authority's response

4.6.20. The issues discussed under approach to customer service and information show a range of points relating to how customer service and information should operate in the future. There were particular points raised relating to the quality of existing provision and the Combined Authority notes the need for improvement, which is a cornerstone of the case for bus reform.

4.6.21. The drivers for change recognise that the current customer offer is inconsistent and can be improved. There have been several interventions, such as the customer charter, under the current EP but there is still wider scope for improvement. The benefit that the Proposed Franchising Scheme brings is the ability to coordinate across a single body, in liaison with partner councils, to deliver consistent customer service which removes the need for multiple players to deal with customer complaints and will enable a single app to be introduced instead of multiple competing apps. The benefits of this deliver more certainty to the customer offering as coordinating multiple players across multiple platforms still exists within the EP+. The customer remains the focus on bus policy at the Combined Authority, recognising the need to address customer needs and provide services that are required by customers.

4.6.22. Under the Proposed Franchising Scheme the ability to have a single channel for customer service, including oversight of this, would allow for more consistent messaging for customers as it could overcome issues around multiple messaging that exist at the moment as the Combined Authority and bus operators somewhat compete to publicise products. This could further be overcome through the introduction of a single point of sale and single range of tickets which would be available if the decision is made to introduce the Proposed Franchising Scheme.

4.6.23. Whilst there were fears raised on the Combined Authority's ability to deliver, largely relating to current provision, the Proposed Franchising Scheme enables the Combined Authority to take a holistic view across the network, which is currently complicated through the number of players involved in delivering customer service and information. The simplicity of a single messaging channel, alongside oversight of a singular network and communications plan would present a much consistent approach for customers.

4.6.24. This theme has discussed the perceived advantages and disadvantages of taking different bus reform options. Operators raised concerns on the cost to the Combined Authority of customer service under the Proposed Franchising Scheme as many interventions are available at no cost to the Combined Authority under the EP+. There are interventions through the EP+ that would allow for improvements to customer service, including the introduction of a single channel for customer complaints. However, the current EP has not overcome all customer concerns relating to confusing information, demonstrated through the Strategic Case which shows that the current offer is "*fragmented across a variety of organisations and channels…with differing information, journey planners and purchase channels"* (Strategic Case, page 11). It should also be noted that some of the interventions within the operator proposed EP+ are reliant on additional funding including displaying best value fares within journey planning apps, introducing unified branding, introduction of customer service processes and information provision and the introduction of passenger forums (see Appendix 1.3 of the Assessment). This shows that many of the customer service interventions would need additional funding from the Combined Authority, so claims of cost saving under the EP+ are not substantiated.

4.6.25. Comments received on the benefits of customer service under the Proposed Franchising Scheme are reflective of the Strategic Case conclusion which shows this bus reform option to have a greater strategic benefit in the area of the customer service and information due to the ability to offer bus customers consistency through oversight from a singular body (see section 11 of the Strategic Case of the Assessment). This also addresses concerns from Transdev as with a singular point of contact for customers, concerns over anti-social behaviour can be easily shared and improve the process currently in place.

4.6.26. Additional suggestions were noted by the Combined Authority as areas for future focus which can be decided on once a bus reform option is agreed upon. Both of these suggestions are agnostic to the governance mechanism and will bring benefits to bus users but are subject to further planning and do not need a particular option to proceed.

4.6.27. There were a number of issues expressed in regard to how different options can deliver improvements in customer service. Whilst these views differed, the common theme was that the current offering needs to be improved. This is also reflected in the preceding section which discusses the quality of existing provision.

4.6.28. An improvement to customer service and information can be realised under either option and the Strategic Case concludes that customer service and information is one of the delivery areas most positively impacted by bus reform options. The conclusion also notes that 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.

4.6.29. Whilst there is some disagreement about which option can better deliver outcomes, there are no suggestions that present significant challenge to the conclusions of the Strategic Case and therefore the Combined Authority are confident that the suggested interventions are appropriate. The Combined Authority are therefore assured that the Strategic Case fairly represents the issues around customer service and information, and accounting for balance, concludes that the Proposed Franchising Scheme offers certainty and control that the EP+ option is unable to deliver.

4.7. Theme 6: Environmental Sustainability

4.7.1. Environmental Sustainability of the options and additional points raised are discussed through this theme. A range of comments concerning viability over zero emission buses and zero carbon future, modal shift and delivery via different options are discussed. There were several respondents that supported both options, or were option neutral, recognising that both would bring environmental benefits and have the ability to deliver against broader objectives of the Combined Authority. In particular, Bus Users UK, recognised the merits of both approaches and the environmental benefits that both options could deliver.

4.7.2. There was discussion from a number of respondents in regard to the importance of delivering our environmental ambitions. Several unions highlighted the need to provide "*reliable, good quality, integrated, coordinated, cheap or free to use public transport"* in order to reduce private car usage and to enable the Combined Authority to reach their net zero ambition. In this way, buses were recognised as vital to achieving a sustainable future and a just transition in order to meet the challenge presented by the climate emergency.

4.7.3. Wakefield and District Trade Union made an additional consideration regarding governance mechanisms. The importance of environmental sustainability was mentioned, which required accountability through public consultation in order to better plan reduced car usage.

4.7.4. The TUC raised focused issues on the just transition, protecting the planet and future proofing jobs. They recognise that public transport, and bus, is key to this approach and therefore the need to convert car and van journeys to public transport. They note the potential climate benefit of replacing multiple car journeys with bus journeys is particularly important, quoting Department for Environment, Food and Rural Affairs (DEFRA) statistics to realise this benefit. They state that even without renewing the bus fleet there would be benefits to environmental sustainability if a popular and integrated bus network was introduced. The TUC responded on the opportunity that the Proposed Franchising Scheme brings to improving fleet, citing London as an example of where the governance mechanism has allowed more control over investment in better vehicles through setting their design and fuel type. In this way, the TUC describe the Proposed Franchising Scheme as *"pivotal"* in addressing environmental issues. Better Buses for West Yorkshire also note the opportunity that the Proposed Franchising Scheme provides in delivering better value for money across green vehicles.

4.7.5. Kirklees and Calderdale Councils raised particular concerns on zero emission buses as a way to improve air quality. Calderdale Council noted that their district is particularly topographically challenged, and this presents a potential issue relating to the roll out of green technology, however they remain hopeful that these issues will be addressed longer term.

4.7.6. The TUC raised concerns with continuing in an enhanced partnership model with operators, citing issues of operators not being prepared to transition to greener and more efficient vehicles at the speed required or expected. They cite figures of London which, with a franchised service, have a much higher proportion of hybrid, battery electric and hydrogen fuel cell buses. They point to evidence that outside of London a much higher proportion of buses are diesel, therefore suggesting that bus operators have failed against the climate challenge.

4.7.7. Contrary to this, CPT noted that large operators already have commitments to transitioning their fleets and they provided a prediction that by 2025 over two thirds of all new bus purchases in England will be zero emission. It is noted that this is subject to government funding continued to help with the purchase costs of these buses. J&B Travel also challenged the objectives of a green fleet, showing that operators are already committed to this under the current EP and stating that regardless of governance mechanism additional funding will be required from the government to make the investment financially viable.

4.7.8. Bus Users UK also noted the environmental impact of options, with the need to fully understand this under the Proposed Franchising Scheme. They noted that considerations over fuel efficiency and emissions would need to be addressed against broader sustainability goals. In their response they commented that more reliable and integrated services have the potential to increase passenger numbers helping to reduce emissions and improve health through modal shift. Their response also considered the passenger perspective, with transport poverty forcing individuals to use private transport options adding to poor environmental outcomes. They stress the need for affordable and efficient public transport to improve the environmental sustainability of any bus system.

4.7.9. TLC went further in suggesting that there is a wider political issue when addressing environmental impact regarding the private car. There was a suggestion to take a harder policy approach to petrol and diesel cars which would have a bigger impact than increasing zero emission buses.

4.7.10. Squarepeg noted in their response the opportunity that bus has in reducing emissions, however questioned whether people choose the bus as it presents a more environmentally friendly travel choice. They suggested that many people travelling by bus would not refuse to travel on one that does not have green credentials and that people who are environmentally conscious are already taking these decisions or travelling by active modes. Squarepeg suggested that the green agenda appears to just reflect a way of funding and investment on buses and the real priority is increasing patronage regardless of euro rating.

4.7.11. First West Yorkshire challenged the Combined Authority's ability to achieve policy targets and objectives regarding fleet. They challenge that evidence in the Commercial Case is inconsistent regarding achieving a zero-emission fleet by 2036, whereas within the EP+ there is a stated commitment from operators. This issue, in particular regarding fleet numbers, is discussed further within the Commercial Case section of this report under section 6.5.

4.7.12. The public responses to the consultation noted several issues of importance in regards to the future environmental sustainability of buses in West Yorkshire. This included 'the need for a more environmentally friendly fleet' (70 responses) and the link to the Proposed Franchising Scheme encouraging more people to use the bus and discourage car use (44 responses). A number of responses commented on how the Proposed Franchising Scheme would help meet various environmental goals and other environmentally friendly initiatives.

The Combined Authority's response

4.7.13. Through the range of responses, it is clear that there is a place for Environmental Sustainability within the Strategic Case for Bus Reform with comments demonstrating the importance to wider objectives and daily lives of both travelling and non-travelling public. Further information on fleet purchases and planning is discussed in the Commercial Case of the Assessment which demonstrates the Combined Authority's commitment to a zero emission bus future.

4.7.14. The responses on modal shift continue to demonstrate the importance of environmental sustainability and raised issues that have been consistent across other responses to the Strategic Case. The issue of local authority policy relates to the earlier discussion on bus priority, which is discussed in section 4.5 of this report. The conclusions in this section recognises that future interventions in bus policy will be required and are treated equally under both options, albeit the control and certainty benefits to oversight of the network under the Proposed Franchising Scheme would allow for a more holistic approach to planning bus priority.

4.7.15. A range of data sources were used to compile the Evidence for Reform document and the Strategic Case, these demonstrated that there is variability in fleet standards, and emissions standards, across West Yorkshire with Leeds having the most environmentally friendly fleet. The Proposed Franchising Scheme would allow the Combined Authority to invest in green fleet across the region, rather than relying on operator bids that may target particular depots. The issues on green motivations are being explored by other teams across the Combined Authority and investment decisions and funding for bus priority are not included within the Assessment, however investing in standardised fleet which is zero emission (as set out in the Assessment) will work towards onboard consistency for customers and the zero emission bus target of 2036.

4.7.16. Responding to First West Yorkshire's point on achieving objectives related to environmental sustainability, the Strategic Case recognises that both options would deliver the same outcomes for zero emissions buses (ZEBs) with the benefits of fleet in the Strategic Case stressed to be the consistency in customer offering, not speed of conversion to zero-emission. The Strategic Case does note that investment in ZEBs is contingent on operator commitment to additional funding which is noted by several operators in their responses, thus the certainty of delivery under the EP+ is not secured as commitments are conditional. The Combined Authority's conclusion that there are limitations under the EP+ to achieving environmental objectives are therefore fair due to the stated reliance on match funding and lack of formal commitment indicated across all operators.

4.8. Theme 7: fares and ticketing

4.8.1. There was a variety of responses submitted on the theme of fares and ticketing. Whilst broadly supportive of the ambition around fares and ticketing, some specific issues were raised regarding delivery and additional considerations that were not considered in the Strategic Case.

4.8.2. Fares and ticketing interventions were generally viewed as benefitting the customer, making bus travel affordable and convenient and it was noted that this could attract more people to travel by bus and the success of the current Mayor's Fares scheme was noted as partially achieving and improving the current customer offering in terms of affordability and ease of travel. Specific mentions of additional fare capping, new concessionary schemes, lower fares and use of a single retail channel were noted as improvements that could encourage more people to use the bus and tackle some of the challenges outlined in the Strategic Case. It was noted that ongoing efforts are required to ensure that affordability maintains a focus in the long term.

Simplification

4.8.3. A variety of comments were received in relation to the current and future ambitions of fares simplification, raising some challenges relating to further ambitions and roll out of ticketing schemes.

4.8.4. Transdev suggested that there are challenges with the current Mayor's Fares scheme, recognising the benefits it brings to passengers, but also the challenges it has had on distorting line usage which will have unknown impacts once the scheme ends.

4.8.5. A challenge on the current Mayor's Fares scheme was highlighted in Squarepeg's response suggesting the need to better promote the scheme and using the money in more innovative ways. Suggestions included free ticketing via MCards and alternative advertising methods. This would have promoted the fares to a wider audience and people would be more confident in knowing the fare.

4.8.6. There were issues raised around the Mayor's Fares scheme in that it raised the cost of some shorter journeys. Wakefield and District Trade Union Council raised the issue of operators profiteering on vulnerable bus users who use buses for shorter journeys. Ross Travel Group also raised the issue of simplifying under 19's fares which resulted in smaller operators having to *"withdraw their innovative fares".*

4.8.7. The response from West Yorkshire Ticketing Company Limited (WYTCL) noted that one of the objectives of bus reform is to remove complexity by introducing standardised fares under a single brand. It is noted that operators have supported this by the removal of single operator tickets, in many cases alongside the Mayor's Fares ticketing scheme. Other interventions including the Young Person's Fares Deal (under 19 bus tickets) were mentioned as ways of supporting ticket simplification and standardisation.

4.8.8. A challenge on young people's fares was raised by Ross Travel Group which stated that simplifying child fares have had negative impact on smaller operators who have had to remove their "*innovative fares*" which they claim caused child fares to increase. They add that the current simplification of adult fares *"abstracted traffic from small operators by giving a subsidy to large operators to reduce their high fares to a common level"*. They suggest that this has led to an abstraction of passengers by dominant operators from smaller operators.

4.8.9. Bus Users UK suggest that current complexity is a barrier to non bus users, which was also supported by a number of incumbent operators with TLC suggesting the number of MCard options is confusing. The objectives of simplification and reducing complexity were supported but acknowledged that these could be delivered by means other than the Proposed Franchising Scheme.

4.8.10. The DJS Research report highlights how several issues of ticketing complexity are a focus of the public response. Ticketing was raised in response to the Proposed Franchising Scheme in a request for ticket prices and types to be consolidated whilst it was also flagged in the challenges of the current system as being confusing, particularly in relation to fares and validity on certain routes.

Delivery under different options

<u>The EP+</u>

4.8.11. A number of incumbent operators highlighted that simplifying tickets has already been achieved through the current EP and that fares and ticketing are therefore neutral across the two options presented in the Assessment. J&B Travel point towards multi-operator ticketing being delivered in places that do not have franchising schemes in place alongside tap on and tap off technology. They, alongside other operators, argue that this could therefore be delivered without entering the Proposed Franchising Scheme which would come with additional costs.

4.8.12. Some operators did note that additional funding from the Combined Authority would be an ongoing requirement in ticketing initiatives but would be jointly funded under the EP+.

4.8.13. It should be noted that all operators in general supported the aims of joint fares and ticketing, but many thought that the Proposed Franchising Scheme was not the best model to achieve this, including Connexions who suggested *"the plethora of complicated tickets could be more easily overcome than introducing a full franchising scheme".*

4.8.14. The WYTCL response noted that under the EP+ they would continue to be a key partner and would facilitate further ticket standardisation. WYTCL is currently reviewing ticket information and how customer information can be better communicated, offering WYTCL as a central information point if required.

The Proposed Franchising Scheme

4.8.15. The response from the TUC reflected the success seen in the current EP but acknowledged that inclusivity can only be achieved under the Proposed Franchising Scheme adding that the scheme could safeguard against fare rises and pointing to evidence from the National Audit Office that demonstrates that franchising models offer the greatest flexibility in setting ticket prices. There are also advantages of the Proposed Franchising Scheme that it removes the complexity of bus companies who would continue to compete on alternative fare arrangements in order to pursue profits. The TUC added that under the current system there is a complex ticketing arrangement which has resulted in fares increasing faster than the cost of car ownership.

4.8.16. Better Buses for West Yorkshire supported the Proposed Franchising Scheme as being the best way to remove confusing ticketing and competing ticketing structures and would allow easier introduction of time bound tickets, which under the EP+ are open to legal challenges and risk. The removal of risk and ability to set a single set of tickets and introduce time-bound tickets is therefore expressed to be a big advantage of the Proposed Franchising Scheme. They also urged caution that the CMA *"is likely to prevent anything like the level of improvement needed or possible under franchising"* regarding fares and ticketing.

4.8.17. The benefits of fares simplification, supported by tap on tap off technology is cited to be a key advantage of the Proposed Franchising Scheme by Leeds City Council, with their aim being to transition to a fully contactless system in order to speed up delays currently seen with boarding and could minimise dwell time. They believe this, along with interventions such as multi-door operation would greatly benefit passengers in reducing journey time. Multi-door considerations would need to be considered under the Fleet Strategy alongside considerations on suitability of infrastructure and fleet standardisation.

4.8.18. The CMA's response commented that the Proposed Franchising Scheme allows the Combined Authority to directly impact the cost of bus services, but urged care was taken to ensure passengers benefit from a combination of lower/simpler fares and simplification of ticket types. The response detailed the abilities the Combined Authority would have to set fares and implement network wide ticketing which could lead to simplified and potentially cheaper ticketing.

Neutral views on options

4.8.19. Stagecoach's response acknowledged that fares and ticketing initiatives can be achieved without a franchising scheme but did note that the Proposed Franchising Scheme is the only model that would be capable of delivering on a fully integrated, multi-modal ticketing offer across the Region.

4.8.20. It is recognised that ticket simplification has been delivered through the current EP, but this is dependent on ongoing operator agreement, on subsidy and the need for the Combined Authority to fund this. This would overcome the issue raised by Transdev and the end of Mayor's Fares scheme and operators would not be exposed to this risk under the Proposed Franchising Scheme.

Additional measures

4.8.21. Dales and Bowland CIC raised additional considerations on ticketing, suggesting that cross-boundary and regional ticketing schemes should be rapidly developed.

4.8.22. Other suggestions of ticketing schemes were received by Leeds City Council who supported the introduction of a 'hopper' or multiple journey fare, so passengers are not penalised by taking more than one bus to complete a journey, whilst opportunities for multi-modal ticketing need to be embraced under the Proposed Franchising Scheme.

4.8.23. Squarepeg supported the introduction of demand based tickets, reducing the price of tickets if the bus is empty and rising the price if buses are full or popular. They also suggested that, regardless of governance mechanism, the pricing of single fares needs to be addressed as opposed to supporting multi-journey tickets.

4.8.24. Transport Focus suggested the need for ongoing special offers on fares and ticketing which supports their research into encouraging more bus users or lapsed users to travel by bus. Their research supports value for money being a strong factor in encouraging greater bus use and future interventions could support this. Transport Focus added advice on payment mechanisms, suggesting that cash should not be removed altogether as smartcard scheme and contactless can disadvantage certain customers and could become a barrier to travel.

4.8.25. A risk was included in the response of Friends of Dales Buses who suggested that multi-modal fares have become complicated with rail fare reforms and expressed concern that further changes on bus fares could add further complication. They suggested that standardising fares means there are therefore fewer opportunities to market other fares initiatives such as cheap evening fares.

The Combined Authority's response

Simplification

4.8.26. A variety of issues were raised regarding fares and ticketing which highlighted some of the issues of the current customer offer. The responses received on simplification highlight the need for consistency and that fare structure and ticketing can be a barrier to bus use, reflecting the drivers for change set out in the Strategic Case of the Assessment. The ability that the Proposed Franchising Scheme brings in offering a consistent, standardised customer product can only be achieved through this option.

4.8.27. The comments received on fares and ticketing under the EP+ are dominated by operators who have expressed their views on the current common ticketing approach. Comments received largely relate to the introduction of Mayor's Fares and the continuation of this model. It could therefore be the case that under the EP+ there would be a continued reliance on public funding to continue to deliver this benefit. Under the Proposed Franchising Scheme the Combined Authority would have the ability to set fares and would not need to subsidise in the same way as the current scheme and is the only option that delivers fully integrated multi-modal ticketing.

4.8.28. The responses received on fares simplification also highlight the need for a consistent customer product and that over complication of fares may be a barrier to bus user. This supports the drivers for change for fares and ticketing discussed in the Strategic Case of the Assessment (section 6.4) and supports the conclusions on the need for reform on fares and ticketing.

4.8.29. Comments from Squarepeg on better promotion of fares schemes have been noted. There are opportunities under both options to improve customer communications with commitment under the EP+ for improved customer information and a unified brand, albeit this is subject to further funding. Under the Proposed Franchising Scheme full simplification and a single range of fares could be introduced allowing for easier marketing due to a reduction in complexity of fares.

4.8.30. Concerns from operators regarding the impact of current simplification are noted. The Combined Authority recognises that fare simplification can naturally lead to changes in operator products and that there were some small increases in fares for a minority of passengers. This was assessed before the under-19s fares and Mayor's Fares were introduced and it was concluded that the simplification benefits outweighed the disbenefit of increased fares for the minority. Fares simplification is apparent across both bus reform options, and the EP+ operators have shown support for a single West Yorkshire range of tickets. Under the Proposed Franchising Scheme there would be guaranteed income for contracts with operators no longer taking fare revenue creating more financial certainty if a contract is awarded. Under the EP+ operators have signed up to a single West Yorkshire range of tickets.

4.8.31. The Strategic Case concludes that the Proposed Franchising Scheme provides certainty and control, and this would overcome some of the concerns expressed by operators on the issues around the current Mayor's Fares scheme and would remove these as issues for operators to address. The ability to offer a consistent customer product would provide more confidence to travelling customers and it recognised that this is only fully achievable under the Proposed Franchising Scheme, a key difference being the single sales channel through which tickets can be purchased. The ability to introduce a standardised ticketing system would be further enhanced through a consistent communication channel and ticketing app demonstrating the strategic benefits of the Proposed Franchising Scheme in this area.

4.8.32. It is evident that in a deregulated environment, simplifying ticketing needs to be balanced against competition concerns. This is evident in operators not being able to offer tickets they want due to Mayor's Fares, whilst some operators have retained their operator specific single ticket which is confusing for customers.

4.8.33. The Combined Authority acknowledges the impact of the Mayor's Fares scheme, although it should be noted that a full review of the scheme had not been undertaken on publication of the Assessment. The successes of the current EP are noted in section 4.4 above, however there are elements relating to the ticketing offer that remain unresolved which continue to offer an inconsistent service to customers, such as some operators retaining single tickets.

Delivery under different options

4.8.34. The comments received in relation to the Proposed Franchising Scheme largely reflect the benefits set out in the Strategic Case which demonstrates that this option is the only one that allows for full ticketing simplification and therefore brings greater consistency and benefits to bus customers. There are limitations to ticketing under the EP+ which would not allow for a fully streamlined ticketing range to be introduced.

4.8.35. Additional measures will be considered as part of either governance mechanism and will form part of additional policy interventions.

<u>Concluding remarks</u>

4.8.36. The Strategic Case identifies the customer offer of fares and ticketing as one of the delivery areas that can be most impacted through governance mechanism change and there are opportunities through both options that can improve the customer offer. The Strategic Case conclusion supports that the control and certainty, in part through reducing the number of factors, that the Proposed Franchising Scheme can unlock more benefits for fares and ticketing. The responses received under this theme provide further clarity and support for the need to support fares and ticketing as a priority.

4.9. Theme 8: network

4.9.1. This theme seeks to respond to comments around the network that were received in responses on the Strategic Case, including the network as described under the Proposed Franchising Scheme (see Economic Case for further detail). A great deal of support was seen promoting the benefits of a bus network that works well including Bus Users UK who noted health and wellbeing benefits, education access, community cohesion, positive economic impacts, employment opportunities and quality of life improvements.

4.9.2. Several comments, including one from Arriva, noted that bus will never serve all customers' needs and that modal integration is of great importance to create fully integrated transport journeys.

Network improvements

4.9.3. Several respondents suggested improvements that need to be made to the network in order to better serve bus users. This included requests to support orbital services that avoided city centres and services to link local journeys as priorities for improvement. Links to employment destinations, particularly to support shift workers, were also noted from a number of respondents. This was supported by the public response shown in the DJS Research report which reflected respondents needs for more routes, connecting people to essential services and the need for enhanced frequencies and additional services, such as night buses.

4.9.4. The response submitted on behalf of Globe and Station Coaches criticised the current network of which "*Leeds has become the focal point"* both in terms of network and bus operator functions. Transdev in their response made the comment that "*the network requires to be fully revised when implementing a Franchise*."

4.9.5. Leeds City Council also noted that there is an important role for park and ride services across the region and a need to ensure these are not overlooked. They cite the potential that these services have to support modal shift. They also emphasised the need to recast the network under the Proposed Franchising Scheme in order to address network issues and introduce modern zero emission buses alongside innovations in ticketing (supported by buses with multiple doors), as well as considering upgrading frequencies, re-instatement of withdrawn services and new or improved orbital routes.

4.9.6. Many local authorities across West Yorkshire were supportive of change, with the current network not serving their communities well with issues expressed around better allocation of resources, improved links to key destinations and creating an attractive and equitable network. Kirklees Council expressed views of working closely with the Combined Authority to further unlock network opportunities to build on integration and multi-modal travel. Kirklees Council highlighted particular issues around rural services and the need to stabilise these.

4.9.7. Future network planning was raised as a potential issue, with respondents urging decisions that would see frequent services to all parts of the district, else it could drive further social and financial isolation. Some respondents highlighted the different types of service required in different localities or districts in West Yorkshire, with Leeds City Council stating that "*due regard should be given to maximising and tailoring bus services to the nature of each district*". TLC also raised the need to properly promote new services, which they feel is currently not being well managed, to encourage more bus users to use services. Caution was also raised in the fact that network changes will be iterative over time and will strongly relate to funding. However, the positive impact of a reduced operating margin allowing for increased bus services was noted by Bus Users UK, and they stated that in the future increased revenue should be used to provide additional services, recognising that might not happen immediately.

4.9.8. Some of the key discussions under this theme were centred on the need to adopt a system that supports integration between buses and in the wider transport system. This was expressed as a key requirement which could be better realised under the Proposed Franchising Scheme by several respondents, including the West Yorkshire districts and unions. The benefits of this relate back to the Environmental Sustainability theme in the ability to remove cars from the road.

Delivery under different options

The EP+

4.9.9. A range of views on how both bus reform options could support the network were expressed from stakeholders. The benefits of the EP+ were recognised, however a particular challenge of the proposed Network Group to be agile and innovative to adapt to changing operating costs and declining patronage was noted from Leeds City Council.

4.9.10. Other positive comments were received regarding the EP+ with some incumbent operators noting that change to commercial routes would be possible, albeit in negotiation with operators. TLC noted that if decline continued and more services became tendered then the Combined Authority would have much greater control and have more influence. Other respondents noted that the EP+ could deliver many of the benefits for the network, without pursuing the Proposed Franchising Scheme.

4.9.11. Bus Users UK focused on a particular challenge of the Assessment that suggested that the EP+ would have limited impact and have limited interventions. They challenge this stating that in other enhanced partnership areas they have had success in introducing network interventions and suggest that the document does not understand the way enhanced partnerships work. Other respondents note that the challenges set out in the Strategic Case are not fully addressed by the Proposed Franchising Scheme with the response from Globe and Station Coaches stating that "*there are relatively few actions within the proposed franchise to deal with these".*

4.9.12. A concern was raised by Squarepeg that under the EP+ passengers on popular, busy routes would continue to receive good service, with marginal routes serving more specific needs, being at risk. Several respondents also highlighted potential issues on negotiation with bus operators in where they provide coverage, with profit margins dominating decisions.

4.9.13. Leeds City council raised concerns on the potential of the EP+ to achieve objectives around integration and pointed to potential issues around the future mass transit network. They raised an issue on the need for integration to encourage and complement multi-modal travel rather than competing against it and whether operators would respond to adapting the bus network around mass transit. The Combined Authority notes these comments but also notes the operator's commitment to support a mass transit model in the future, which the Combined Authority would want to see reflected in legally binding commitments should the EP+ be taken forward.

The Proposed Franchising Scheme

4.9.14. There were a range of positive responses supporting the opportunities for the network that the Proposed Franchising Scheme could bring. Several respondents highlighted the benefits of the Proposed Franchising Scheme in opportunities to design the network so that it better delivers against customer needs whilst offering better value for money. This including TfGM who have already experienced this benefit.

4.9.15. Benefits and opportunities were also stated around further development of services and better integration with other modes, including a future mass transit system. These holistic opportunities were focused on by the TUC, supported by examples of other major cities which have seen success of franchising which has given the confidence for investment in bus priority in order to make the whole network more efficient. Action for Yorkshire Transport noted that timetable integration across bus and train is essential and has the potential to encourage modal shift, expressing that this would not progress under a partnership. All these integration benefits were seen to have a positive impact on congestion due to the potential to remove car journeys and replace with public transport journeys.

4.9.16. This view was supported by Better Buses for West Yorkshire who support the view that the Proposed Franchising Scheme is the only solution to fully rationalising the network allowing resources to be better allocated across the district allowing the Combined Authority to plan and integrate services across the Region.

4.9.17. Counter to this point, Ross Travel Group pointed out that "*the number of corridors where multiple operators compete is quite small, so the gains from rationalisation…must be quite limited*".

4.9.18. Financial benefits including reduced public sector funding and reinvestment terms also featured in responses, noting the possibility of the fare box and revenue being reinvested in the network under the Proposed Franchising Scheme

4.9.19. A concern on the impact on peripheral areas was also raised regarding the Proposed Franchising Scheme, with Friends of Dales Buses suggesting it takes incentives away from marketing and improvement which may particularly affect peripheral areas which may have previously had operator support.

4.9.20. An additional concern on the network in the Proposed Franchising Scheme was raised by TLC who raised concerns on what the proposed network would look like in a franchised environment. This in turn, questions the spending on taxpayer money with potentially no improvements. Comments regarding spending on network are more fully addressed in the economic case.

Additional suggestions and comments

4.9.21. Several responses that were received in relation to the conclusion questions are covered in this section, along with concerns not addressed elsewhere in the document.

4.9.22. Additional concerns and questions were raised in relation to cross-boundary travel from a number of operators. They highlighted the need for the network to continue to service cross-boundary links and to have the systems and network in place to support this. Calderdale Council flagged that with other neighbouring LTAs introducing franchising schemes, there may be greater scope for improving cross-boundary travel.

4.9.23. South Yorkshire MCA highlighted the issue of cross-boundary services and stated that there were concerns on the detail included in the consultation document. More information on this can be found in the responses to the Commercial Case within section 6.4.

4.9.24. Action for Yorkshire Transport were supportive of the Proposed Franchising Scheme and pointed to this being the norm across most cities in Europe, who have better systems than West Yorkshire. However, they were keen to stress that "*franchising, by itself, will not provide the full solution*". Campaign for Better Transport supported the conclusions of the Strategic Case but stressed that to be successful, the Proposed Franchising Scheme needs to have longevity of funding.

4.9.25. Some respondents highlighted that the document itself was difficult to read, with Squarepeg stating that it was "*overcomplicated and wordy*".

4.9.26. Some respondents highlighted political issues, suggesting that the uncertainty may not be removed under the Proposed Franchising Scheme. A concern was expressed on the consistency of approach from Combined Authority officers and elected members, suggesting that the most beneficial decision will be made when faced with options. An example is given on downgrading of bus priority schemes due to local member pressure which has forced a decision that provides less benefit.

4.9.27. Several operators noted the conclusion that assumes greater control will deliver greater benefits. Amongst the comments, Transdev noted that it is "*fundamentally incorrect*" with no guarantees that control will maximise benefits, especially if funding is an issue. This raised an issue around risk in failing to deliver and additional financial risk to the Combined Authority.

The Combined Authority's response and conclusion

<u>Network improvements</u>

4.9.28. Respondents gave a range of views on network improvement, both negative and positive which was the expected response of the consultation. The Combined Authority note the network improvements, including some specific suggestions, and refer back to the Economic Case of the Assessment that sets out the planned interventions under both models. Further network changes are not considered within the Assessment, but could be considered following a decision and are subject to funding.

4.9.29. The Combined Authority understand the need for the bus network to work for current bus customers and also attract new bus customers. Both the EP+ and the Proposed Franchising

Scheme are modelled on the current network for means of consistency and also to reflect the implementation challenges especially for franchising of moving from a deregulated to a regulated market that suggests an overnight change would not be practicable. There are several network interventions under both options. The EP+ would see enhancements focusing on rationalisation and improved timetable coordination on key corridors, alongside several service frequency uplifts, these are all based on the current network and are subject to successful negotiations with operators. Under the Proposed Franchising Scheme service enhancements include those considered under the EP+, plus further service rationalisation and coordination for an additional number of routes, changes to the network to reduce duplication of services and combining several services which are currently operated as several contracts.

4.9.30. Further changes to the bus network under either option are subject to further consideration and funding, however the Combined Authority would have greater certainty to achieve positive network changes through the ability to oversee the entire network. Whilst network changes under both options would require an element of variation to schemes (either the EP+ or franchising scheme) or operator agreement within the EP+, the Proposed Franchising Scheme allows for more certain network control and changes, bringing the offer of greater consistency to bus customers.

Delivery under different options

4.9.31. In response to concerns raised on the network under the EP+, the Combined Authority has set out in the Economic Case the opportunities under both options for network improvements. There are a range of interventions proposed under the EP+ seeking to improve the network through a range of rationalisation and frequency uplifts. Due to the advantages of the Proposed Franchising Scheme in allowing the Combined Authority greater control in specifying the network, there are additional network interventions listed under the Proposed Franchising Scheme. The strategic benefits that both options can bring are therefore fully explored and supported by the Economic Case.

4.9.32. In response to the concerns raised by Squarepeg, the proposed Network Management Group, part of the operator proposed EP+ would look to alleviate concerns regarding network decisions. It is noted, however, that bus operators would still take commercial decisions which could impact routes in the future if current financial challenges persist.

4.9.33. Comments around the EP+ have been noted and it has been clarified that interventions under the EP+ are fully discussed within the Economic Case. The Strategic Case does not set out to model network interventions, but looks to discuss the strategic benefits that both options can bring. The Strategic Case does note that there are several interventions proposed under the EP+ that allow better delivery on the network objective compared to the EP Reference Case.

4.9.34. A number of positive comments were received in support of the Proposed Franchising Scheme in realising network objectives. This supports the conclusions of the Strategic Case which show that both options could improve the network, albeit with more strategic benefits from the Proposed Franchising Scheme due to the certainty and control it would offer the Combined Authority. Under the Proposed Franchising Scheme, the Combined Authority would take the decisions on services and routes, overcoming concerns on services at the periphery being lost with the Combined Authority committing through the Assessment to facilitate cross-boundary links in West Yorkshire through a service permit regime, that would also be able to facilitate new cross -boundary services in the future.

4.9.35. As discussed above, the network used within the Assessment largely reflects the current network, with a list of interventions under both options. Supporting positive comments, the Combined Authority recognises that the Proposed Franchising Scheme delivers greater control in specifying the network, allowing for opportunity to impact service frequencies and routes. Whilst further network changes and redesign are subject to funding and further development, taking on the farebox would allow reinvestment into the network under the Proposed Franchising Scheme. With a full overview of the network, the Combined Authority would have greater insight into network decisions and could make holistic decisions on the funding of services, such as peripheral services mentioned by Friends of Dales Buses. This would overcome network issues that could occur in the EP+ which has resulted in public funds being used to subsidise routes when operators choose not to operate or cross-subsidise.

4.9.36. Regarding the concern from TLC, the initial network propositions under the Proposed Franchising Scheme are set out in the Economic Case of the Assessment. Whilst there are a number of frequency uplifts, route rationalisation and combining of services, it would largely replicate the existing network. Any further changes would be subject to funding and further consideration which has not been considered within the Assessment.

4.9.37. In relation to concerns on what the franchised network would look like, the Combined Authority reaffirms that the initial network is modelled in the Assessment and represents the current network alongside a list of initial interventions. This is fully explored within the Economic Case of the Assessment.

Additional suggestions and comments

4.9.38. The Combined Authority consider cross-boundary travel to be strategically important and discussion of this can be found within section 6.4 of the Commercial Case section of this report.

4.9.39. In regards to funding, the Combined Authority evaluate funding models within the Financial Case of the Assessment. The Combined Authority recognise that the Proposed Franchising Scheme will not deliver all the change required and note the need to incorporate additional policy interventions, such as capital bus priority projects, to complement the governance mechanism decided on by the Mayor.

4.9.40. Regarding concerns on the readability of the document, the Combined Authority tried to make the language in the document as easy to read and understand as possible, but realise that some of the information remains complex in nature. Due to the subject of the consultation, the Combined Authority was required to present some information in legally accurate ways.

4.9.41. Concerns regarding political decisions are discussed in section 10.7 of this report. The Combined Authority notes that the decision to make the Proposed Franchising Scheme can only be made by the Mayor and that two options have been compared throughout the Assessment process.

4.9.42. A range of views have been given regarding the need for network improvements, the ability to achieve network improvements under options and additional suggestions and comments. The Combined Authority is clear in the Strategic Case conclusion that the certainty and control offered under the Proposed Franchising Scheme allows for a holistic view and presents opportunities for network review which are not currently available. Whilst there are possible interventions under the EP+, they remain subject to operator agreement.

4.9.43. Several operators noted the conclusion that assumes greater control will deliver greater benefits. Amongst the comments, Transdev noted that it is "*fundamentally incorrect*" with no guarantees that control will maximise benefits, especially if funding is an issue. This raised an issue around risk in failing to deliver and additional financial risk to the Combined Authority.

4.10. Insight from qualitative research on Strategic Case issues

4.10.1. The qualitative research undertaken by DJS Research used focus groups to understand views in relation to bus reform and ran alongside the public consultation. Full details of this can be found in Appendix 3.

4.10.2. There were several themes that emerged from the focus groups which support the themes coming through from the broader consultation in terms of experience of using the bus network and key drivers for change.

4.10.3. In terms of the experience of using the bus network in West Yorkshire, participants noted:

- The current on-board bus experience is inconsistent and could be improved especially in terms of punctuality, reliability, overcrowding and cleanliness.
- The simplified capped fares (Mayor's Fares) were noted as a positive for affordability.
- Improvements were required in providing more punctual and reliable services and potential expansion of the bus network.

4.10.4. These align to the themes coming out of the consultation itself showing a recognition that there are several aspects of the current bus service offering that require improvement and make journeys by bus more attractive to the travelling customer.

4.10.5. Regarding the opinions towards the key drivers for change, the focus groups discussed:

- Network – the majority of participants noted that the network does not meet their travelling needs, with the exception of 16-21 year olds, with many noting that network coverage needing to improve.

- Fares and ticketing – recognition of the Mayor's Fares scheme making fares simpler and clearer, however confusion on differing fares and ticketing systems across operators along with some comments on bus fares being too expensive.
- Customer service and information – the majority agreed that the customer service experience is difficult in regards to complaints and journey planning.
- Bus priority – some support for additional bus priority, but some feeling there were enough bus lanes and that they do not impact reliability. Inconsistency in bus priority across West Yorkshire districts was noted.
- Greener and better vehicles – respondents agreed that there was an inconsistent onboard offering, however views differed on whether ZEBs should be an investment priority over bus stop safety, punctuality and providing enough buses.

4.10.6. The themes that saw most focus and importance within the qualitative research align to the themes that are seen to experience greatest impact across both bus reform options and further demonstrate that the priorities for bus customers are the network, customer service and information and bus priority. Differing views on these issues were seen across public responses and statutory stakeholders reflecting the different view points across stakeholders.

4.10.7. The discussion around fares and ticketing recognised the success of Mayor's Fares, as did the consultation responses, noting the improvement this had brought.

4.10.8. There was inconsistency on greener and better vehicles with the consultation which was viewed as more important within questionnaire responses.

4.11. Strategic Case Conclusion

4.11.1. A number of different responses were received on the questions relating to the Strategic Case. The main themes identified across the responses included the challenges facing the bus industry and the case for reform, consideration of objectives, consideration of options, bus priority and highway management, the approach to customer service, fares and ticketing, environmental sustainability, and the network.

Challenges facing the bus industry and evidence for reform

4.11.2. Several operator and passenger groups as well as incumbent operators emphasised external influences and national issues which had impacted bus performance. Issues raised included the Covid-19 pandemic, increasing car ownership, and long term bus patronage decline. The Combined Authority acknowledges these external factors on the bus market and is confident that the issues raised are addressed in the Strategic Case of the Assessment.

4.11.3. Respondents also focussed on the decline in the bus offer and the impact on passengers. Many supported the Combined Authority's Strategic Case which recognised the variety of causes which had led a worse offering for customers. The Assessment conclusions supported that the Proposed Franchising Scheme would provide the greatest strategic benefit in responding to the challenges facing the bus network, with the Strategic Case outlining that the current scheme is not delivering the benefits required of the bus system.

Consideration of the objectives presented

4.11.4. A number of responses received from the consultation which 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.

4.11.5. The Combined Authority welcomes the support of organisations in achieving their ambitions and objectives for bus. The close alignment of responses from a number of organisations supports that the Strategic Case includes appropriate objectives, whilst it has demonstrated the alignment with broader transport strategy as noted by several respondents.

4.11.6. 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.

4.11.7. The Combined Authority is confident that the objectives used are measurable, and that specific targets will be set once a monitoring and evaluation plan is in place to support the bus reform option that is selected. On patronage growth, all of the objectives aim to provide a better bus service that would encourage more people to travel by bus, it is therefore implicit that our strategic aim is to provide a better bus service and encourage patronage growth.

Consideration of the options presented

4.11.8. 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 ZEBs, fleet investment, and Mayor's Fares. Respondents also considered the EP+ 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.

4.11.9. The Combined Authority recognises the successes of the current enhanced partnership in the Strategic Case but believe that, for a number of reasons, the EP has failed to achieve the passenger benefits it was originally set up to realise.

4.11.10. The Combined Authority is clear in its Strategic Case that the Proposed Franchising Scheme would see more strategic benefits. The EP+ option would demonstrate improvements across objectives but interventions may be limited as some are subject to operator agreement, and additional funding. Taking into account the consultation responses, the Proposed Franchising Scheme is seen to deliver against objectives in a way that provides better control and certainty to bus customers.

Tackling issues with bus priority and highways management

4.11.11. 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.

4.11.12. The Combined Authority acknowledges the importance of complementary bus priority measures and understands the concerns of respondents regarding congestion and journey times. These issues should remain priorities going forward, and this is recognised in the Strategic Case of the Assessment where they are seen as drivers for change and objectives for reform regardless of the option progressed. The Combined Authority therefore remains of the view that these matters are appropriately considered and presented within the Strategic Case.

4.11.13. The Combined Authority acknowledges the importance of complementary bus priority measures and understands the concerns regarding congestion. Both issues will remain priorities going forward, and they are recognised in the Strategic Case of the Assessment as drivers for change and objectives for reform regardless of governance mechanism. The Combined Authority are therefore confident in the presentation of bus priority and congestion within the Strategic Case.

Approach to customer service information

4.11.14. 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 option for improvement.

4.11.15. 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. 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.

4.11.16. An improvement to customer service and information can be realised under either option and the Strategic Case concludes that customer service and information is one of the delivery areas most positively impacted by bus reform options. The conclusion also notes that 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.

4.11.17. Whilst there is some disagreement about which option can better deliver outcomes, there are no suggestions that present significant challenge to the conclusions of the Strategic Case and therefore the Combined Authority are confident that the suggested interventions are appropriate.

The Combined Authority are therefore assured that the Strategic Case fairly represents the issues around customer service and information, and accounting for balance, concludes that the Proposed Franchising Scheme offers certainty and control that the EP+ option is unable to deliver.

Environmental Sustainability

4.11.18. 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.

4.11.19. The Strategic Case notes that investment in zero emission buses under the EP+ is contingent on operator commitment to additional funding and so the certainty of delivery under the EP+ is not secured as commitments are conditional. The Combined Authority's conclusion that there are limitations under the EP+ to achieving environmental objectives are therefore fair due to the stated reliance on match funding and lack of formal commitment indicated across all operators.

Fares and Ticketing

4.11.20. 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.

4.11.21. The comments received in relation to the Proposed Franchising Scheme largely reflect the benefits set out in the Strategic Case which demonstrates that this option is the only one that allows for full ticketing simplification and therefore brings greater consistency and benefits to bus customers. There are limitations to ticketing under the EP+ which would not allow for a fully streamlined ticketing range to be introduced.

4.11.22. The Strategic Case identifies the customer offer of fares and ticketing as one of the delivery areas that can be most impacted through governance mechanism change and there are opportunities through both options that can improve the customer offer. The Strategic Case conclusion supports that the control and certainty, in part through reducing the number of factors, that the Proposed Franchising Scheme can unlock more benefits for fares and ticketing. The responses received under this theme provide further clarity and support for the need to support fares and ticketing as a priority.

Network

4.11.23. 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.

4.11.24. 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. The Strategic Case does note that there are several interventions proposed under the EP+, subject to operator agreement, that allow better delivery on the network objective compared to the EP Reference Case.

4.11.25. 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. The Combined Authority is therefore clear in the Strategic Case conclusion that the certainty and control offered under the Proposed Franchising Scheme allows for a holistic view and presents opportunities for cross-subsidisation and network review which are not currently available.

Overall Conclusion

4.11.26. 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.

4.11.27. 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.

4.11.28. 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

5. Economic Case

5.1. Introduction

5.1.1. The Economic Case of the Assessment sets out the findings of an economic appraisal of the impacts of the proposed bus reform options. The benefits and costs of the two bus reform options (the EP+ and Proposed Franchising Scheme) were compared to an EP Reference Case (which represented 'business as usual'), and appraised over a 40-year period.

5.1.2. The Consultation Document included a summary of the Economic Case and the full Economic Case was included in the consultation documentation. A number of questions were asked about the Economic Case in both the short and long response questionnaires.

5.1.3. In the short questionnaire the following question was asked:

Q3. Do you have any comments on the conclusion of the Economic Case that the Proposed Franchising Scheme will offer value for money to the public sector?

5.1.4. A reference to Section 1.2.2 of the Consultation Document was made.

5.1.5. In the long questionnaire the following questions were asked:

Q15. Do you have any comments on the impacts of the Proposed Franchising Scheme on passengers, as set out in the Economic Case?

Q16. Do you have any comments on the impacts of the Proposed Franchising Scheme on operators, as set out in the Economic Case?

Q17. Do you have any comments on the impacts of the Proposed Franchising Scheme on the Combined Authority, as set out in the Economic Case?

Q18. Do you have any comments on the impacts of the EP+ on passengers, as set out in the Economic Case?

Q19. Do you have any comments on the impacts of the EP+ on operators, as set out in the Economic Case?

Q20. Do you have any comments on the impacts of the EP+ on the Combined Authority, as set out in the Economic Case?

Q21. Do you have any comments on the conclusion of the Economic Case that the Proposed Franchising Scheme will offer value for money to the public sector?

5.1.6. For each of the questions except Q21 a reference to Section 4.2.2 of the Consultation Document was made. For Q21 a reference to Section 4.2.7 of the Consultation Document was made.

5.1.7. The responses to the consultation are summarised in the DJS Research Bus Reform Consultation Report (DJS Research report) and the part of this report covering the responses to the Economic Case is briefly summarised below.

5.1.8. The DJS Research report includes a summary of the responses to the questions asked in both the short and long questionnaires on the Economic Case. The report demonstrates that bus operators generally preferred the EP+ option over the Proposed Franchising Scheme and were concerned about the impact of this option on SMOs, though there was a suggestion that the larger operators favoured the EP+ option. They were also concerns about the risks associated with the Proposed Franchising Scheme and the possible bureaucratic nature of decision making if the Combined Authority was in control. Some operators felt there was little to choose between the EP+ and Franchising options.

5.1.9. The DJS Research report showed that Local Government and other organisations generally favoured the Franchising option suggesting it had better value for money (VfM) and gave a greater level of control and planning. Many respondents recognised the risks of the Franchising option, but felt this would lead to a more reliable and coordinated system.

5.1.10. Most of the non-statutory stakeholder organisations favoured the Proposed Franchising Scheme, but some of them favoured the EP+ option. These organisations raised similar concerns to those raised by the statutory stakeholder organisations mentioned above, around issues such as risk and the high up-front costs of the Franchising option but generally had a view that there were stronger opportunities for patronage growth under this option.

5.1.11. The DJS Research report showed that members of the public generally favoured the Proposed Franchising Scheme with significant concerns raised about the current arrangements. For some responses from members of the public, the environment was a concern and they generally felt the Proposed Franchising Scheme might be better in this respect with greater opportunities to improve the bus 'offer'. Like other groups they were concerned about the short-term costs of the Proposed Franchising Scheme but felt the long-term gains might be worth it. They also acknowledged the risks associated with the Proposed Franchising Scheme. Whilst the DJS Research report showed that members of the public generally favoured the Proposed Franchising Scheme, some comments in response to questions on the Economic Case favoured the EP+ option. Some felt that an EP+ scheme would provide better value for money, be more affordable and would reduce congestion.

5.1.12. The rest of this section draws upon the responses made to the questions asked about the Economic Case (as summarised in the DJS Research report) and some of the responses to other questions where these were deemed relevant to the Economic Case. It groups these responses by theme together with further analysis and commentary on a theme-by-theme basis.

5.1.13. The rest of this section is therefore structured across the following six broad themes which cover the issues raised in the majority of responses:

- Assumptions used in the Economic Case
- Margins
- Risk in the Economic Case
- Fares and ticketing simplification benefits
- Missing benefits
- Other impacts on operators, passengers and the CA

5.1.14. In addition, there is an 'Other comments' section covering the few comments which could not easily be included under other theme sections.

5.2. Theme 1: assumptions used in the Economic Case

5.2.1. In order to carry out the economic assessment of the bus reform options, it was necessary to make a number of assumptions about exogenous changes (that is changes external to the options being considered), appraisal period (the period over which the benefits and costs were summed) and factors which might affect bus operations over the appraisal period. A number of respondents questioned these assumptions.

5.2.2. A number of aspects of the assumptions made were questioned. These included:

- The assumption that bus 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.

Bus Patronage

5.2.3. The assumption that patronage would only recover to 80% of pre-Covid levels was questioned by a few respondents, including First West Yorkshire, who pointed out that recent figures suggest a greater level of recovery. Arriva noted that operators are currently working with the Combined Authority to help patronage recover.

5.2.4. To some extent the recovery of patronage assumption was addressed in the Economic Case which says that "*In West Yorkshire, recent data has shown weekday patronage has reached 85% in March 2023*" (Economic Case, paragraph 3.8.6). The figure of 80% was selected as a "reasonable conservative estimate for demand recovery in West Yorkshire in the longer-term" (Economic Case, paragraph 3.8.7), but it was acknowledged that there was a degree of uncertainty around this figure. Sensitivity tests were used to explore this uncertainty with two additional scenarios considered, one where bus demand recovered to only 70% of pre-Covid levels and one where it recovers to 90% of pre-Covid levels. The results of these sensitivity tests in terms of net present value (NPV) are given in the Economic Case (see Tables 27 and 28) and the Consultation Document (see Tables 7 and 8). These tables also show the results of sensitivity testing to explore uncertainty in future funding to support the bus network. The results show that both options deliver greater benefit than cost as shown by the positive NPV for both bus reform options under every scenario.

5.2.5. The assumption that patronage (demand) would continue to decline and that there would be a consequent decline in the bus network was mentioned by a large number of respondents with the Ross Travel Group making the observation that this was "*at odds with the objectives of bus reform*". Similar comments were made by Leeds City Council, Globe and Station Coaches and First West Yorkshire amongst others.

5.2.6. This is discussed in Section 4.2.3 of the Consultation Document and Section 4.2 of the Economic Case. The aggregate effect of the various exogenous factors such as GDP, population, employment and car ownership is the unconstrained demand forecast shown in Figure 4 of the Economic Case which shows an initial increase in demand as a result of recovery from Covid, then a continuing decline to 2045/46. The permanent reduction in demand due to Covid and the effect of funding constraints (both discussed above) also have an impact on demand.

5.2.7. External or exogenous factors are important 'drivers' of bus demand, and these have been reflected in the modelling framework that underpins the Economic Case. Paragraph 4.2.13 onwards in the Economic Case provides detail on the exogenous factors that are included in the modelling framework. However, the results of the modelling and forecasting show that endogenous factors (that is characteristics of the different reform options) also have a material impact on forecast bus demand in West Yorkshire. Figures 6, 7 and 8 of the Economic Case show the demand forecasts for the Reference Case and the two bus reform options.

5.2.8. The decline in patronage shown in the model results is broadly consistent with the historical decline in bus patronage observed over the last few decades in West Yorkshire and nationally (excluding London). This decline in patronage gives the overall picture shown in Figures 6, 7 and 8 of the Economic Case. Note that this does not mean that such a decline is regarded as inevitable or welcome, just that it is a consequence of the exogenous factors used in the Economic Case. Note that the number of journeys made under the Proposed Franchising Scheme (Figure 8) and the EP+ option (Figure 7) is slightly higher than those made in the Reference Case (Figure 6). The modest uplift in patronage under the Franchising option was noted by CPT.

Appraisal period

5.2.9. A monetised appraisal period of 40 years (from financial year 2027/28) was used in the Economic Case and this is discussed in Section 7.2 of the Economic Case of the Assessment. The length of the appraisal period used was questioned by a few respondents including Ross Travel Group and Dales and Bowland CIC given the level of uncertainty over such a period and that this was felt to 'favour' options with high up-front costs (such as the Proposed Franchising Scheme).

5.2.10. A 40-year appraisal period is shorter than the typical appraisal period for transport schemes of 60 years and represents an estimate of the possible lifecycle of the zero emission buses and associated charging infrastructure introduced under all options. While a shorter appraisal period would mean that the transition costs associated with the introduction of the Proposed Franchising Scheme would be spread across fewer years, the 40-year appraisal period does give an appropriate indication of the long-term impacts of the bus reform options. It could be that a shorter appraisal period would 'disfavour' options with higher upfront costs because those costs would not be spread over the full length of time that they are relevant to. There is inevitably uncertainty about exogenous assumptions over virtually any appraisal period (and this is greater over longer appraisal periods), but there is no reason to suppose this uncertainty would favour one option over another.

Service changes under the EP+ and Franchising

5.2.11. Several respondents noted that the scale of improvements anticipated under Franchising were relatively modest with some frequencies *"no better than those operating pre-Covid"* (Globe and

Station Coaches, Ross Travel Group and Dales and Bowland CIC). The enhancements that would be assumed to be delivered under the EP+ option and the Proposed Franchising Scheme are described in Section 2.2 of the Economic Case. A number of changes to services and frequency uplifts are assumed under the EP+, but these would be subject to negotiation with operators. Under Franchising a further series of service changes and enhancements would become possible due to the Combined Authority's control over the bus network under this option. These were assumed to take place in addition to the changes included in the EP+ option. It is acknowledged (paragraph 2.2.11) that further interventions may be possible under the EP+ and the Proposed Franchising Scheme, but these would be subject to funding and were therefore omitted from the appraisal of the bus reform options.

5.2.12. These interventions, while they may appear to be relatively modest, are in line with what is deliverable under the assumptions made in the Economic Case (see above). To have included more ambitious enhancements to the bus service may have increased the benefits of the bus reform options but might have undermined the assumptions about future funding. The enhancements outlined should therefore be seen as a relatively conservative assumption about what is possible under the bus reform options.

5.2.13. First West Yorkshire commented that the assessment did not mention additional concessionary schemes and assumed these were not included in the assessment. Future concessionary fare schemes are possible under the Reference Case, the EP+ option, and the Proposed Franchising Scheme. Additional schemes such as those targeted at those on low incomes, have not been modelled and appraised as part of the Economic Case as these are neither committed nor included in the definition of either reform option for the purposes of the Assessment. This does not mean that the Combined Authority will not seek to implement additional concessionary schemes in the future, regardless of which bus reform option is taken forwards. In the context of the relative benefits of the two bus reform options, this is a prudent approach in terms of the benefits of the Franchising option, which would somewhat reduce the administrative burden of managing concessionary schemes, potentially making them easier to implement and deliver.

The Combined Authority's response

5.2.14. In the preparation of an Economic Case, assumptions about the future have to be made. None of the assumptions used are felt to be unreasonable and for areas where there is uncertainty, sensitivity tests have been used (and the results shown in the Consultation Document). None of the results of these sensitivity tests affect the conclusions of the Economic Case.

5.3. Theme 2: margins used in the Economic Case

5.3.1. This theme refers to the margin enjoyed by operators, that is, crudely, the difference between operating costs and farebox revenue. As part of the Economic Case the likely variation in operator margins between the Reference Case and the two bus reform options was considered. An assumption was made that the profit margin required for services on which the Combined Authority takes the revenue risk would be lower than the margin which operators take where they retain the revenue risk, that is the commercial services in the EP Reference Case and the EP+. This reduction in operator margin means that a greater level of funding is available for bus services under the Franchising option. See Section 2.2 of the Economic Case for a discussion of this assumption.

5.3.2. A number of operators, including Arriva and Transdev, felt that the Economic Case was overoptimistic about the margins enjoyed by the operators and were sceptical about the opportunity to fund more bus services under Franchising because margins were assumed to be lower on franchised services. Transdev felt that the margin reduction under the Proposed Franchising Scheme compared to the EP+ was "*far from obvious*".

5.3.3. The issue of margins was also raised by First West Yorkshire as part of their response, who with reference to the Oxera Report accompanying their submission state that the modelling undertaken "*Over-estimates margins for commercial services in WY*". This issue is therefore covered in Appendix 5 which gives the full response given to First West Yorkshire. This gives details of the margin calculations carried out as part of the assessment and also provides comments on a sensitivity test that was included within the Assessment which represented the impact of a reduced margin advantage than was included in the Central Case. Under the Higher Margin test, the NPV of the Proposed Franchising Scheme remains strongly positive.

5.3.4. It is important to recognise that current margins enjoyed by operators may not be reflective of the long-term position, especially given the recent turmoil associated with Covid. It might be expected that commercial operators will be looking to rebuild margins as patronage recovers, which is reflected for example in First Group's published medium-term 10% operating margin target for First Bus[1], and that therefore an assumption of operator margins which are larger than recently enjoyed is justified when making a long-term assessment.

5.3.5. Note that the network and level of service delivered under the Proposed Franchising Scheme is not fixed and the forecast reductions in demand and limits to future funding lead to cuts in the network under this bus reform option as well as under the EP+ option and the Enhanced Partnership Reference Case.

The Combined Authority's response

5.3.6. In response to the comments from bus operators about the margins used in the economic case of the assessment, the Combined Authority is confident that these have not been overstated.

5.3.7. The base year margin for commercial services set out in the Assessment[7] of between 12% and 13% was not an assumption, but was derived from data provided by operators in response to the Franchising Scheme data request sent by the West Yorkshire Combined Authority in June 2022. This number was derived by bringing together bus passenger revenue and operating costs at a service level (separate data was provided for each) for those routes which are operated commercially, with operators taking revenue risk on these services. Care was taken in bringing these separate data sets together, with adjustments needing to be made to ensure consistency and comparability in the data (for example where cost and revenue data reflected different time periods, there being some situations where a service did not operate for the entire year).

5.3.8. Public sector funding for bus services (BSOG, ENCTS, supported services payments and CBSSG) were also considered, given that the base year data represented a year when Covid-19 impacts were still evident, DfT was paying recovery grant, and other funding was being or had been maintained at pre-Covid levels (when e.g. more services were run and more ENCTS trips made).

5.3.9. Consistency checks were made across services and Franchise Zones, to identify services where the margin calculated was outside the usual range, whether high or low. Comparisons were made with depot level accounts data, where this was available. For these services, or groups of services, additional checks were made and adjustments or corrections were made, to ensure that revenue and cost data were compatible (on an annual basis).

5.3.10. A further comparison was made between the base year margin and the forecast year 2 margin, which included a representation of revenue recovery (from 70% to 80% of pre-Covid-19 demand based on DfT/local aggregate demand data, as described in the Assessment[8], and the withdrawal of specific Covid-19 Support (CBSSG) funding. As explained to First West Yorkshire and its advisors, Oxera[9], the net result of these changes was a small (less than 1%) increase in the margin returned. This was taken as evidence of reasonableness of the balance in changes in passenger revenue/public sector support made.

5.3.11. The data was taken to represent operations at a depot level; that the level of margin reported within statutory accounts is lower than this is expected, with this including the impact of additional group charges/overheads and accounting treatments.

5.3.12. This response replicates also the response specifically to First West Yorkshire as covered in Appendix 5, which further goes on to respond to the margin analysis performed by Oxera.

5.3.13. The change in operator margins is a key assumption in the modelling and forecasting of the Franchising option. As can be seen in the preceding paragraphs, the calculation of current operator margins is based on data provided by operators. The assumption of lower margins associated with Franchised services is justified on the basis of the lower level of risk that operators enjoy in delivering these services. Additional sensitivity tests have been used to explore different assumptions about operator margin, and none of the results of these sensitivity tests affect the conclusions of the Economic Case.

[1] https://www.firstgroupplc.com/~/media/Files/F/Firstgroup-Plc/indexed-pdfs/2023-ARA/04-firstgroup-annual-report-2023-business-review.pdf

5.4. Theme 3: risk in the Economic Case

5.4.1. The issue of risk associated with the Franchising option for bus reform was mentioned by a large number of respondents. There is a clear link to the issue of risk raised in the comments about other Cases in the assessment (see for instance the Financial Case and the Management Case).

5.4.2. A number of different possible risks were identified and comments made concerning them. 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

5.4.3. The issue of risk management was raised by First West Yorkshire in their response and detailed within their response (see Appendix 4). In addition, the specific points made on risks by First West Yorkshire include:

- Flexibility of asset demobilisation
- Risk reserve
- Risk assessment based on pessimistic forecasts
- Risk analysis timing

In response to these concerns and other comments from other stakeholders, the theme of 'Managing Risk' has been considered under the response to the Management Case (see section 8.4), which considers all the risks associated with the Proposed Franchising Scheme and how these have been addressed in the assessment, including the use of scenario and sensitivity analyses. It also expands on the Combined Authority's general corporate approach to risk management, which was set initially set out in Section 6 of the Assessment's Management Case, 'Risk'.

Transfer of revenue risk

5.4.4. Most of the comments about risk were general in nature, for example comments from CPT, Transdev, Bus Users UK, Globe and Station Coaches, J&B Travel, and taken to refer, at least in part, to the transfer of revenue risk from operators to the Combined Authority under the Proposed Franchising Scheme. It was suggested by J&B Travel that the risk remained with operators under the EP+. Other comments, for instance from Bus Users UK and Ross Travel Group, refer specifically to the transfer of revenue risk.

5.4.5. While it is clear that, under the transition to the Proposed Franchising Scheme, the Combined Authority takes on the revenue risk for services that were formerly operated on a commercial basis, it is also clear that under the EP Reference case and the EP+ option, operators have a choice about whether to offer a commercial service at all. That is, operators can manage their exposure to revenue risk by choosing to terminate a commercial service, at which point the Combined Authority has to make a decision about whether to continue that service by supporting it. In this sense the situation in the EP Reference Case and the EP+ is similar to the Proposed Franchising Scheme – difficult decisions will have to be made if revenue declines and, ultimately, the Combined Authority will have to make a decision about whether to support a service or not.

5.4.6. The assumptions made in the Economic Case lead to a decline in patronage which suggests that virtually all services will be supported by the mid-2040s in both the EP Reference Case and in the EP+ option. While a decline in patronage is not regarded as inevitable or welcome it does suggest that, in a situation where the historical decline in bus patronage continues, the risk associated with the Proposed Franchising Scheme is little different from that in the EP Reference case and the EP+, at least beyond the mid-2040s (about halfway through the appraisal period).

5.4.7. The point was also made by Better Buses for West Yorkshire that in a situation where services are seen as *"too essential to fail"*, then the public sector is likely to have to step in and support services in some way. This is the case when there is an external 'shock' to bus patronage, such as when the Covid-19 pandemic caused a significant downturn in patronage.

5.4.8. Therefore, at least as far as revenue risk is concerned, it is not clear that the EP+ provides less risk to the Combined Authority than the Proposed Franchising Scheme. A couple of respondents, Transdev and Bus Users UK, mentioned that the Proposed Franchising Scheme could be seen as providing more stability for operators in that they will be entering into long term contracts to deliver bus services which might be beneficial to them in terms of long-term financial planning. The Peak District National Park suggested that they felt that there might be more certainty of passenger benefit under the Franchising option.

Risks associated with the acquisition of fleet and depots

5.4.9. These risks were mentioned by a number of respondents including CPT and J&B Travel, whilst First West Yorkshire specifically mentioned the potential impact of large operators' refusal to sell their depot and fleet assets. These risks are also discussed within the Commercial Case section of this report.

5.4.10. The assessment is underpinned by a robust approach to risk management, backed up by a risk register which sets out the key risks associated with each bus reform option. There are risks associated with the acquisition of depots and fleet and these will be managed through this process.

5.4.11. The risk of large operators refusing to sell their assets has been considered in the development of the Fleet Strategy and Depot Position Paper. Approach 1.2 in the Depot Position Paper describes a possible approach that involves the Combined Authority acquiring a suitable site and developing a new depot as an alternative to acquiring/leasing existing depots from operators. Appendix 3.1 to the Assessment (the Fleet Strategy) describes three different approaches to acquiring fleet: purchased from the manufacturer; leased from the manufacturer; and leased from an intermediary. The Fleet Strategy confirms that the specific acquisition approach that would be used should Franchising be taken forward would be selected on the basis of which option is the most efficient and would take into account market dynamics. For fleet and depots, the transition period to Franchising that has been specified, allows sufficient time to engage early in the process with incumbent operators and, if required, time to go to the open market. The Combined Authority acknowledges the risk of vehicle availability on the open market and if required, franchise contract design could require additional vehicles to be provided by operators, especially in the first contracts to be let under the Franchising option.

5.4.12. Stagecoach mentioned the assumption about the continuation of ZEBRA funding, this (or something similar) is assumed under the Reference Case and both the bus reform options. This assumption was also raised by a number of consultee and is discussed in detail in this report within the Financial Case section 7.3.

Delivery, reputational and political risk

5.4.13. The risks involved in becoming publicly responsible for delivering bus services and the political and reputational risks associated with this were mentioned by a number of respondents such as Bus Users UK and Peak District National Park Authority. This risk is acknowledged and it is recognised that a high profile franchised bus service is a very public commitment to the long term future of bus as a mode of public transport. The decision to take on this specific reputational risk is a political decision, which needs to be considered by politicians in deciding whether to pursue the Franchising bus reform option.

Approach to operator risk

5.4.14. First West Yorkshire queried "*how factors outside of the control of the operators will be managed within the Scheme*" and noted that a comprehensive change mechanism would be required to ensure certain risks don't fall to operators (such as in the case of infrastructure projects impacting punctuality).

5.4.15. As stated above, the Combined Authority's general approach to risk management is considered as part of the of 'Managing Risk' under the response to the Management Case (see section 8.4 of this report).

5.4.16. Furthermore, the Combined Authority acknowledges that a comprehensive change and variation mechanism would be required should the Proposed Franchising Scheme be taken forward, and so the feedback of this concern on consideration of risk allocation is welcome and would be considered as part of that development. This requirement is not unique to the potential West Yorkshire bus franchising option and is inherent across all service contracts of this nature. It is intended that specific change mechanisms would be developed in detail during contract design and explored further in market engagement should the decision be taken to pursue the Proposed Franchising Scheme and is discussed within the Commercial Case section of this report.

5.4.17. The Combined Authority's general approach to risk management is considered as part of the of 'Managing Risk' theme under the response to the Management Case (see section 8.5).

The Combined Authority's response

5.4.18. It is acknowledged that there are a number of risks associated with the bus reform options outlined in the Consultation Document. The true magnitude of transfer of revenue risk associated with the Franchising option is likely to be less than it first appears. There are risks associated with the acquisition of depots and the bus fleet and these are being managed through the established risk management process and measures to mitigate the risks have been outlined. To manage the risk of contract variation, change mechanisms would be developed during contract design. Appropriate measures to manage the risks around delivery and the reputational and political risks associated with the Franchising option are acknowledged and consideration of these is an important part of the decision about bus reform.

5.5. Theme 4: fares and ticketing simplification benefits

5.5.1. 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. This is covered in Section 4.2 of the Economic Case of the Assessment. Paragraphs 4.2.32 to 4.2.35 deal specifically with the benefits assumed for the fares and ticketing interventions in the bus reform options.

5.5.2. This issue was raised in First West Yorkshire's response. In response to these concerns, the Combined Authority have provided additional information in Appendix 5, which discusses the way that fares and ticketing simplification benefits under the EP+ option and the Proposed Franchising Scheme were assessed in the Economic Case. A number of extra sensitivity tests were carried out to explore this area of uncertainty and the results of these tests are included in Appendix 5.

5.5.3. Three respondents made similar observations about the sensitivity test that was run at the request of the assessment's independent auditor (Grant Thornton); these were Globe and Station Coaches, Ross Travel Group, and Dales and Bowland CIC. This is described in the Independent Auditor's Observations document where it is says that "*The results of a sensitivity test to halve the uplift in demand resulting from fares simplification broadly halves the NPV surplus of Franchising over the EP+ option but does not <u>by itself</u> alter the conclusion of preference for Franchising*". A detailed discussion of this sensitivity test and further sensitivity tests to explore the relationship between NPV and the assumptions about the benefits of fares and ticketing simplification is in Appendix 5.

5.5.4. Another comment received from First West Yorkshire was that these benefits should already be in the EP Reference Case as there is already significant fares simplification associated with the ongoing 'Mayor's Fares' initiative. This reflects discussion within the Strategic Case section of this report (see section 4.8).

5.5.5. It is correct to say that the existing EP includes some ticketing simplification and fare capping that will deliver benefits to passengers. This is described in full in paragraph 3.4.16 of the Commercial Case of the Assessment. However, the fares and ticketing interventions described in paragraph 4.2.32 to 4.2.35 in the Economic Case are additional to those already included in the EP Reference Case and would deliver additional passenger benefits. It is appropriate to include them in the modelling and appraisal of both reform options, and to distinguish between those options.

5.5.6. TUC made the point that there might be significant and additional benefits associated with consistent pricing and integrated ticketing in the sense that these would give passengers more confidence in the bus network. It is possible that these might be seen as included in the benefits calculated, but there may be additional benefits associated with less tangible effects. It is therefore possible that fully integrated ticketing delivered through a single sales channel could give more benefit than included in the Economic Case under the Proposed Franchising Scheme.

The Combined Authority's response

5.5.7. The simplified fares and ticketing proposals under the EP+ go beyond what is currently deliverable under the EP Reference Case and under the Proposed Franchising Scheme they go beyond what is possible under the EP+ (see paragraph 4.2.34 and 4.2.35 of the Economic Case).

5.5.8. The Economic Case includes a benefit for fares and ticketing simplification in both the EP+ and the Proposed Franchising Scheme. It is difficult to estimate this benefit exactly, but sensitivity tests suggest that varying the demand response associated with this benefit does not alter the relative position of the two bus reform options in terms of NPV or the overall conclusion of the Economic Case.

5.6. Theme 5: missing benefits

5.6.1. There were a number of comments that there could be additional benefits associated with the Proposed Franchising Scheme and that the assessment is too pessimistic. Some of these benefits were associated with improvements to public trust and confidence in the bus system and the development of an integrated network. The way these possible benefits were described suggests they would be difficult to quantify and include in the assessment.

5.6.2. A number of respondents such as Campaign for Better Transport and TUC commented that a well implemented franchising scheme could deliver a more integrated bus system which, together with public accountability, could lead to greater levels of passenger confidence. In the comment from TUC it was suggested this should lead to additional benefits which might be currently difficult to quantify. The TUC also commented that the Proposed Franchising Scheme could also involve opportunities for greener and more sustainable delivery and procurement. These issues reflect comments received on the Strategic Case and the benefits to the network and environmental sustainability are discussed in sections 4.9 and 4.7 above respectively.

5.6.3. In addition, a few respondents, including TUC, Better Buses for West Yorkshire and Wakefield and District Trades Union Council, noted that there could be wider economic benefits from possible increased ridership on a franchised network.

5.6.4. An important part of the Assessment is to only include benefits/impacts over which a reasonable level of certainty can be assumed and which can be valued based on robust evidence. The Assessment adopts a suitably prudent approach on the benefits of both bus reform options to avoid the potential benefits being overstated. Separately to the quantitative assessment, a qualitative assessment of non-monetised impacts was carried out and the impact of these was considered in the VfM statement. Note that the VfM categories of both the EP+ and the Proposed Franchising Scheme were unchanged by the inclusion of non-monetised impacts (see Sections 7.5 and 12.5 of the Economic Case of the Assessment).

5.6.5. An estimate of the wider economic benefits of both bus reform options has been carried out and used to provide a 'PVB including WEI' (Present value benefits including wider economic impacts) measure (see Section 8.5 and the results in Table 16 of the Economic Case).

5.6.6. There was a comment about the justification for the non-monetised impact categorisations from First West Yorkshire which are discussed in Sections 7.5 and 12.5 of the Economic Case.

5.6.7. These assessments are considered to be a prudent representation of the potential impacts of the Proposed Franchising Scheme and the EP+. They suggest only modest benefits of the EP+ and Proposed Franchising Scheme over the EP Reference Case and an even smaller benefit of the Proposed Franchising Scheme over the EP+. Given this limited evidence of non-monetised advantage, the justification is considered proportionately robust.

The Combined Authority's response

5.6.8. There are non-monetised benefits associated with the EP+ and Proposed Franchising Scheme. These have been considered and included in the final assessment of VfM. There may be additional benefits that has not been possible to include fully in the assessment which suggests that the Economic Case represents a conservative assessment of the bus reform options.

5.7. Theme 6: other impacts on operators, passengers and the Combined Authority

5.7.1. There were a number of comments about the possible impact of bus reform on operators, passengers and the Combined Authority itself. These impacts are summarised in Section 4.2.2 of the Consultation Document and relate to questions 15 – 20 in the long questionnaire.

Operators

5.7.2. There were a number of concerns, for example from Arriva and CPT, about the effects on operators as businesses and that business may be taken away from operators. It was felt by First West Yorkshire that more bus operators were likely to retain their businesses under the EP+ than the Proposed Franchising Scheme. Conversely, it was pointed out by Leeds City Council that the impacts of the EP+ option on operators was uncertain with Better Buses for West Yorkshire concerned that operators might continue to enjoy "bigger than average" profits under this option. Operators, including Arriva, generally expressed a preference for the EP+, the justification given for this was usually the lower levels of risk associated with the EP+ when compared with the Proposed Franchising Scheme – see the Risk theme above in section 5.4 of this report. Bus Users UK pointed out the possibilities for route reorganisation under the EP+ option but also mentioned the increased control and alignment with policy objectives possible under the Franchising option.

5.7.3. There were particular concerns raised by First West Yorkshire and Connexions about the future of some businesses under the Proposed Franchising Scheme, compared to the EP+, and a comment from Squarepeg was made that the EP+ was what large operators want.

5.7.4. It is acknowledged that there is a risk around SMO business retention, but also it is also true that this risk exists under a deregulated system, such as the EP Reference Case, and would exist under the EP+. The approach proposed under the Proposed Franchising Scheme has some potential advantages in mitigating this risk, including specific provisions, such as having smaller (B and C) with a less onerous bidding process being proposed for smaller contracts (B and C lots) that may suit SMOs. Impacts on SMOs are also covered under the Commercial Case section 6.7 of this report.

5.7.5. In the Consultation Document it is asserted that the Proposed Franchising Scheme will remove barriers to the market (see Section 4.2.2) but this was questioned by First West Yorkshire, together with a concern about a lack of clarity about handover arrangements for fleet and depot.

5.7.6. This part of the Consultation Document refers to *"better competition across operators"* and by this the Combined Authority means that as part of the move from existing on-road competition to franchised contracts it expects a higher number of operators to be competing to operate services. The barriers to the market referred to in this part of the Consultation Document are those discussed in section 5.6 of the Commercial Case. The primary barriers are access to the fleet of buses and depots required to enter the West Yorkshire market. Feedback from operators during Market Engagement identified both fleet and depots as clear barriers to entry for operators seeking to relocate to the Region. Further details on these interventions are as set out in the fleet and depot strategies and are discussed within Section 6.5 of this report.

5.7.7. The mechanism by which handover of assets would take place will be defined in detail at a future stage, if the Proposed Franchising Scheme is taken forward and is covered within section 6.5 of this report. It is noted that the precise mechanism for handover of assets will need to be determined by reference to the agreement reached with incumbent operators on specific assets. The potential for the Combined Authority to take over fleets and depots and/or to bring in new depots and fleets will allow the Combined Authority to mitigate this risk for incoming operators. Following engagement with incumbents to determine what assets they were willing to transfer, the Combined Authority will include a full handover mechanism in its franchise, taking into account risks that may arise from handover and how they can be managed effectively. That the Combined Authority would own fleets and depots that would help to reduce the level of risk to operators.

5.7.8. First West Yorkshire also expressed a concern that existing expertise and relationships built up under the current arrangements would be lost under the Proposed Franchising Scheme. This is responded to under the Management Case section of this report.

5.7.9. There was also a comment from Calderdale Council that the Proposed Franchising Scheme may benefit operators with a transfer of risk associated with the running of commercial services under the Reference case and the EP+ option and more stability under the Franchising option.

Passengers

5.7.10. Some respondents, for instance Bus Users UK, felt that the impacts of the Proposed Franchising Scheme may be positive for passengers in terms of frequency and connectivity, though Leeds City Council felt this may depend on wider network redesign. There was also a concern about the effects on passengers of the assumed reductions in the network (see ‘Assumptions used in the Economic Case’ above). A couple of respondents, TLC and J&B Travel, felt that both bus reform options would have a similar impact on passengers.

5.7.11. Passengers are likely to see changes under the Proposed Franchising Scheme and these are discussed in the Consultation Document and comments about them are discussed under the other themes in this section. Some of these changes are likely to be less tangible and therefore difficult to represent in an economic assessment. Note that the assessment did include consideration of non-monetised impacts and this is discussed under ‘Missing benefits’ above.

Combined Authority

5.7.12. First West Yorkshire suggested that the assessment did not include enough information about the impact on the Combined Authority.

5.7.13. Section 11.2 of the Economic Case covers the requirement in the DfT’s 2017 Franchising Scheme Guidance (*“the authority’s assessment should clearly explain the impacts of the options on…the authority*.”), with specific commentary given on the impacts on Combined Authority. Table 22 of the Economic Case presents the impact on public accounts of both reform options, with the impacts on the Combined Authority specifically reported separately.

5.7.14. Calderdale Council felt that while the EP+ option gave the Combined Authority greater coordination powers than at the moment, it would “not grow the network in the longer term as much as franchising” and the Peak District National Park Authority felt that the Franchising option would give the Combined Authority “greater certainty of service levels”.

The Combined Authority’s response

5.7.15. A wide range of different impacts on operators, passengers and the Combined Authority were raised and most of these are covered under other themes in this section. It is recognised that Operators are obviously concerned about the impact of the bus reform proposals on them but none of these were felt to be sufficiently serious to significantly undermine the findings of the Economic Case.

5.8. Theme 7: other comments

5.8.1. A number of additional comments were also raised in relation to the economic case, or questions in the questionnaire which responded to the economic case, which it was not easy to categorise in the other themes.

5.8.2. A number of respondents, for instance Campaign for Better Transport, Globe and Station Coaches, Ross Travel Group and Dales and Bowland CIC, noted that the EP+ actually had a higher benefit to cost ratio (BCR) than the Proposed Franchising Scheme (see Table 6 and Section 4.2.7 of the Consultation Document). It was also commented by Arriva that the EP+ would be quicker to implement and therefore would give benefits to passengers more quickly. Leeds City Council felt that positive relationships with operators existed at the moment and this could be replicated under the EP+ option. Some of these comments are also discussed in the Strategic Case and Commercial Case sections of this report in terms of the delivery of different options and ease of deliverability (sections 4.4 and 6.2).

5.8.3. On the comments raised about the BCR, while the EP+ option has a higher BCR, both bus reform options were felt to represent ‘very high’ VfM. It is made clear in the Economic Case (see paragraph 1.1.5) that there is no specific threshold requirement or test that the assessment has to pass. The conclusion of the Economic Case is simply that ‘both bus reform options were forecast to generate economic benefits considerably and robustly higher than the costs required to implement each option.' (Consultation Document Section 4.2.7). In the Economic Case (para 12.1.2) it is suggested that, because of transfer of costs and revenues between the private and public sector, BCR might be a less useful metric of the economic performance of the bus reform options and for this reason the assessment places greater emphasis on NPV.

5.8.4. On the point raised by Arriva on realising EP+ quicker, it is acknowledged that the EP+ option would be quicker to implement and the earlier delivery of benefits with this option are taken into account in the Economic Case.

5.8.5. The Peak District National Park Authority expressed the view that the current system 'isn't working' which could be taken as support for bus reform in general and the view that the way buses are run now needs to change (see Consultation Document Section 1.1.4). There was also general support for the Franchising option, often around the prospects for a more stable, managed bus network and possible increases in services. Views along these lines were expressed by Lancashire County Council, Bradford Metropolitan District Council, Leeds City Council, Bus Users UK, Campaign for Better Transport, Better Buses for West Yorkshire and the Peak District National Park Authority, amongst others.

5.8.6. TfGM made the point that the Proposed Franchising Scheme was an improvement on the piecemeal support of non-commercial services, comparing the decision to that faced by Greater Manchester. The Peak District National Park Authority hoped that the Combined Authority would be able to generate similar benefits to other places where a franchised bus network is operated. These are also discussed within the Strategic Case response in this report (section 4.9).

5.8.7. First West Yorkshire made a comment about the incentives to improve services and it is correct to say that under the EP+ operators are directly incentivised to grow passenger revenues on its commercial services. This issue was also raised in responses to the Strategic Case, section 4.4 of this report, which expressed concern that the change in model would see no incentive for innovation.

5.8.8. Conversely, there was a comment from Bradford Metropolitan District Council that the benefits of the EP+ option depend on the agreement reached with operators. It is acknowledged that the EP+ option and its benefits do involve a degree of uncertainty as it still involves the operation of commercial services and future negotiations with operators.

5.8.9. There was also a comment from First West Yorkshire about the powers over the Key Route Network. Key Route Network powers are included within both the EP+ and Proposed Franchising Scheme (as detailed in the Strategic Case paragraph 9.5.4). Similar powers over the Key Route Network and bus priority are therefore assumed in both the EP+ option and the Proposed Franchising Scheme. Note that these powers are recognised as being subject to further decisions and collaboration with West Yorkshire Local Authorities.

5.8.10. First West Yorkshire also noticed that the Consultation Document does not ask about the VfM of the EP+ option. The Combined Authority note that VfM of the Proposed Franchising Scheme is a specific requirement of the legislation (see section 123B(3)(e)) for inclusion in the assessment. The assessment (see paragraph 12.2.4 of the Economic Case) is clear that both the Proposed Franchising Scheme and the EP+ represent 'very high' value for money and that therefore both options are justified.

5.8.11. First West Yorkshire also questioned the setup and operational costs of the Proposed Franchising Scheme and their impacts on VfM. The implementation and ongoing management costs of both reform options are included in the economic appraisal of both options, and hence are part of the VfM conclusions of the Economic Case. The 'Operating Costs' row of Table 22 in the Economic Case shows these costs in 2010 present value prices. The ongoing capital expenditure of the Franchising option is also included in the economic appraisal of both options and can also be found in Table 22 of the Economic Case.

5.8.12. First suggested that wider policy options should be taken into account and these might affect the future forecasts which are used in the appraisal. Note that only committed policy interventions can be included in the modelling and appraisal of options. New policy interventions of a significant scale would require specific modelling and Business Cases that are not within the scope of the Bus Reform Assessment. There are potential benefits of policy interventions to encourage use of the bus associated with the Proposed Franchising Scheme compared to both the EP Reference Case and the EP+ option as the Combined Authority would be the beneficiary of any growth in bus patronage and revenue, with this growth being directly re-investable in the network through franchised services.

5.8.13. Arriva and Transdev questioned the cost assumptions associated with the Proposed Franchising Scheme, particularly around driver costs. A few operators, Globe and Station Coaches, and Ross Travel Group, commented more generally on the substantial public sector costs.

5.8.14. The costs of running the bus network are reasonably well understood and the costs in the Assessment are based on historic data. There is a degree of uncertainty around the costs associated with the transition to a franchised network, but these costs are modest compared to the overall costs of operating the system. The costs associated with the transition are described in the Management and Financial Cases and these costs are included in the Economic Case (see Sections 5.5 and 11.2 and Table 22 in the Assessment).

5.8.15. Arriva and CPT made a similar comment about contract indexing appropriately reflecting the inflation experienced in industry costs. This is dealt with in the Commercial Case where paragraph 5.3.17 says that franchise payments will be subject to indexation. Note that the details of the contracting arrangements are subject to further development.

5.8.16. A number of respondents such as Transport Focus and Bus Users UK were non-committal, could not reach a clear decision or were undecided between the options.

5.8.17. There were a few comments which included interesting information which was not completely relevant to the assessment and there were others where it was unclear what point was being made or they seemed to suggest a misunderstanding of the Assessment. Some responses from Leeds City Council, TLC, Bus Users UK, Peak District National Park Authority and Ross Travel Group fell into this category.

5.8.18. Both TLC and Leeds City Council made comments in relation to infrastructure or specifically bus priority measures in response to questions on the economic case. TLC noted that infrastructure improvements result in service disruption and this will be same under franchising and that costs will increase if additional resources are required. Leeds City Council commented that they have a pipeline of further improvements that they are ready to deliver as funding becomes available. These comments relate to discussions in section 4.5 of the strategic case chapter on bus priority, but the Combined Authority can confirm that the Assessment does not propose additional bus priority schemes or costs beyond those already committed, and that this investment is considered neutral across all reform options.

5.8.19. Bus Users UK made a comment that "*The Economic Case emphasises that the economic benefits of both options are robustly higher than the costs involved, although this is not evidenced clearly*." The Combined Authority disagrees with this point and would point to the outcomes of the independent audit of the Assessment which concluded that the analysis of information in the Assessment is of sufficient quality.

5.8.20. Peak District National Park Authority raised two points linked to the cost of delivering bus reform. Firstly that the general trend is for the Combined Authority to need to increase spend to maintain service levels, whether or not franchising is introduced. The second that there would not be significant financial returns on spend to reinvest elsewhere in the network. On the first point the Combined Authority would agree, and would point to the results in section 6.5 of the Economic Case with regard to the cost of bus reform to the Combined Authority under the different options. On the second on significant financial returns, this is also shown in the decreased levels of services over time under all reform options, but it is worth highlighting that the franchising option would deliver the higher levels of benefits and, the greater number of passenger journeys.

5.8.21. Ross Travel Group also note that "*It is unclear as to why the assumed decline in commerciality of the network over time would not also apply to the franchised network option, leading to service reductions or increased costs to WYCA*." In response to this it is detailed in the Assessment that service reductions and increasing costs to provide services are part of the forecasted results of the franchising option, driven also by the long term trend of decreasing demand. However in moving from a de-regulated to a regulated market there would be changes in the commercial operation of the network, changing some of the perspectives of commerciality, such as the risk allocation, which has impacts on factors such as the margin required by operators, as discussed in section 5.3.

5.8.22. Connexions response raised concerns that they didn't believe the figures stated "*I believe that these figures have been massaged to give the required answer*". In response to this the Combined Authority would point out that the Assessment has been completed in line with the relevant DfT guidance and draw heavily from figures and data provided directly by Operators for the completion of the Assessment. The figures have also been the subject of a statutory independent audit process which did not raise any material concerns with the information relied on or the quality of the analysis.

The Combined Authority's response

5.8.23. A range of different comments were raised and discussed under this theme, and have been responded to above. None of these were felt to be sufficiently serious to significantly undermine the findings of the Economic Case.

5.9. Economic Case Conclusion

5.9.1. A wide range of different responses were received on the questions relating to the Economic Case of the Assessment. Most of these fell into six main themes:

- Assumptions used in the Economic Case
- Margins used in the Economic Case
- Risk in the Economic Case
- Fares and ticketing simplification benefits
- Missing benefits
- Other impacts on operators, passengers and the CA

5.9.2. There were also a few other comments which could not easily be included under the above themes. The following subsections summarise the conclusions under the six themes and for the other comments.

Assumptions used in the Economic Case

5.9.3. 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.

5.9.4. The assumed recovery of bus patronage post Covid was based on recent data from West Yorkshire and was felt to represent a reasonably conservative estimate of demand recovery. This assumption was tested in the Assessment using scenarios which looked at demand recovery both lower and higher than the 80% assumed. A positive NPV for both reform options was evident under both scenarios.

5.9.5. The continued decline in bus patronage shown under the Reference Case and both of the bus reform options is the modelled result of a number of exogenous factors, the assumption made about Covid recovery together with the modelled effect of funding constraints and how these might feed through into bus provision. All of these assumptions are felt to represent prudent assumptions and have been made for the purposes of appraisal. They should not be taken to represent the Combined Authority's aspirations for the future of the bus service in West Yorkshire.

5.9.6. A 40-year appraisal period was used for the Assessment. There is obviously uncertainty about the future, but the appraisal period chosen is shorter than that used for the appraisal of traditional highway interventions (60 years). 40 years was felt to be an appropriate appraisal period given the longevity of some of the physical assets associated with the bus reform options (for instance zero emission buses and charging infrastructure).

5.9.7. The service changes associated with the bus reform options are specified in the Economic Case, they are felt to be achievable and affordable under the assumed budgetary constraints and represent a conservative assumption about what might be possible. This does not mean that additional service enhancements (and concessionary fare schemes) are not possible under the bus reform options.

5.9.8. The assumptions in the Economic Case are therefore felt to be reasonable and prudent.

Margins used in the Economic Case

5.9.9. 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.

5.9.10. In the Economic Case it is assumed that the profit margin required for services on which the Combined Authority takes the revenue risk is lower than the margin which operators take where they retain the revenue risk. This means that a greater level of funding is available for bus services under the Franchising option. This assumption is justified on the basis that the operators have a lower level of risk operators face in delivering these services. Sensitivity tests have been used to explore uncertainty in this area, but none of these tests suggest that changes should be made to the conclusions of the Economic Case.

5.9.11. This issue was raised in First West Yorkshire’s response and additional information is provided in Appendix 5.

Risk in the Economic Case

5.9.12. There are a number of risks associated with both of the bus reform options and these are also discussed in the Financial and Management Cases. These risks include the transfer of revenue risk, risks around the acquisition of depots and fleet in the Franchising option. In general, risks will be managed through the established risk management process and appropriate measures used to mitigate risks. There are acknowledged reputational and political risks associated with the Franchising option and taking these into account will be an important part of the decision making about bus reform.

5.9.13. This issue was raised in First West Yorkshire’s response and additional information is provided in Appendix 5.

Fares and ticketing simplification benefits

5.9.14. 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.

5.9.15. The benefits of fares and ticketing simplification are included in both the EP+ and Franchising bus reform options. These fares and ticketing benefits are additional to those in the Reference Case and the Franchising option includes extra benefits because that option allows further improvements such as the introduction of a single sales channel or app. These benefits are difficult to estimate exactly, but sensitivity tests were carried out to explore uncertainty and the results did not make a significant impact on the results of the Economic Case or the overall conclusion.

5.9.16. This issue was raised in First West Yorkshire’s response and additional information is provided in Appendix 5.

Missing benefits

5.9.17. 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.

5.9.18. There are benefits of both the EP+ and Franchising options which it is difficult to quantify and these were qualitatively assessed and included in the final assessment of ‘adjusted VfM’ as ‘non-monetised impacts’. Some respondents suggested there might be other additional benefits associated with the Franchising option such as better integration of the bus system and public confidence. These benefits were not included which suggests that the Economic Case might represent a conservative assessment.

Other impacts on operators, passengers and the Combined Authority

5.9.19. 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 the franchising process has some potential advantages which may suit SMOs . Many of the impacts of the Proposed Franchising Scheme on passengers were felt to be beneficial. There are obvious implications for the Combined Authority and the impact on public accounts is included in the assessment.

Other comments

5.9.20. 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 Reference Case and the incentives operators have to improve services under the EP+ option. None of these concerns were felt to be sufficiently serious to significantly undermine the findings of the Economic Case.

Overall conclusion

5.9.21. A wide variety of different comments and concerns were raised in connection with the Economic Case of the Assessment. These were considered carefully under a number of different themes and some areas of uncertainty were investigated using additional sensitivity tests. After careful consideration, it is felt that none of the responses to the Consultation raise issues which significantly alter the findings of the Economic Case.

5.9.22. 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.

5.9.23. 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.

6. Commercial Case

6.1. Introduction

6.1.1. This chapter identifies and responds to key themes arising from the consultation with regards to the Commercial Case.

6.1.2. The Commercial Case of the Assessment assesses the proposed commercial models of the bus reform options against the reference case of the existing enhanced partnership. It sets out the commercial objectives for bus reform (Commercial Success Factors) before discussing the commercial arraignments under each of the bus reform options. This includes a discussion of key contractual principles (size, scope, mechanism, phasing), how involvement of SMOs will be facilitated and how competition will be sought, transition period arrangements, discussion of cross-boundary services, risk allocation and implications, and outlining procurement arrangements and the wider procurement strategy. The Commercial Case also sets out the approach to assets required under the implementation of the Proposed Franchising Scheme including fleet and depots and the Combined Authority's approach to facilitating this.

6.1.3. The questions that were included in relation to the Commercial Case of the Assessment are below, split between the short questionnaire and long questionnaire.

6.1.4. One question was included in the short questionnaire focussed on the Commercial Case:
Q4. The Commercial Case sets out how the Proposed Franchising would be run commercially. Do you have any comments on this?

6.1.5. 13 questions were included in the long questionnaire focussed on the Commercial Case:

Q22. Do you have any comments on the Commercial Success Factors outlined in the Commercial Case?
Q23. Do you have any comments on the lotting strategy for franchising contracts as set out in the Commercial Case?
Q24. Do you have any comments on the length of franchise contracts under the Proposed Franchising Scheme, as set out in the Commercial Case?
Q25. Do you have any comments on the approach to fleet under the Proposed Franchising Scheme, as set out in the Commercial Case?
Q26. Do you have any comments on the approach to depots under the Proposed Franchising Scheme, as set out in the Commercial Case?
Q27. Do you have any comments on the proposed allocation of risk and responsibilities between the Combined Authority and bus operators under the Proposed Franchising Scheme, as set out in the Commercial Case?
Q28. Do you have any comments on the Combined Authority's approach to procuring franchise contracts under the Proposed Franchising Scheme, as set out in the Commercial Case?
Q29. Do you have any comments on the Combined Authority's approach to facilitating the involvement of small and medium sized operators, as set out in the Commercial Case?
Q30. Do you have any comments on the impacts of the Proposed Franchising Scheme on the achievement of the objectives of neighbouring transport authorities, as set out in the Commercial Case?
Q31. Do you have any comments on the potential impact that the Proposed Franchising Scheme would have on employment and pensions, as set out in the Commercial Case?
Q32. Do you have any comments on how the Proposed Franchising Scheme could support the Commercial Success Factors, as set out in the Commercial Case?
Q33. Do you have any comments on how the EP+ could support the Commercial Success Factors, as set out in the Commercial Case?
Q34. The Commercial Case concludes that the Combined Authority would be better able to meet its Commercial Success Factors through the Proposed Franchising Scheme compared to the EP+. Do you have any comments on this?

6.1.6. There were several responses received in relation to employment, which are discussed within the Management Case due to alignment of responses and many responses querying specifics on resource. This question is:
Q31. Do you have any comments on the potential impact that the Proposed Franchising Scheme would have on employment and pensions, as set out in the Commercial Case?

6.1.7. The discussion of the Commercial Case reflects the comments set out in the DJS Research *"Bus Reform Consultation"* report which is referred to throughout this section.

6.1.8. The DJS Research report showed an overall positive response to:
- The length of franchise contracts suggested for the Proposed Franchising Scheme
- A performance regime that rewards positive operator contributions
- Lots should be suitable for all sizes of operators
- A zero emission fleet is important in supporting the region's 2038 net zero ambition

6.1.9. The DJS Research report showed a mixed response to:
- Agreement that the Proposed Franchising Scheme better delivers the Commercial Success Factors (CSF) and whether they seek to focus on the correct outcomes of the Proposed Franchising Scheme, particularly around customer satisfaction, modal shift and patronage.
- Cross-boundary services and the continuation of these services
- TUPE and transfer
- Duplication of resource between the Combined Authority and operators within the Proposed Franchising Scheme
- Fleet numbers and costs of zero emission buses
- Depot strategy and availability for new depot development
- Resources issues in bidding for contracts, particularly impacting SMOs
- Impacts of SMOs, including depot and fleet facilities
- Skills and knowledge loss as a potential disbenefit of the Proposed Franchising Scheme
- The allocation of risk and responsibilities

6.1.10. Public responses to the Commercial Case showed that a quarter (159) of respondents expressed explicitly support for the Proposed Franchising Scheme, whilst 17 respondents explicitly stated they did not support it. The most common themes raised in the public responses were around bringing fleet into public ownership and control and the hope that the Proposed Franchising Scheme could improve bus services.

6.1.11. Further detail on the points raised in the DJS Research report can be found at Appendix 3.

6.1.12. The structure of this section takes into account the following themes identified through responses to the consultation:
- Theme 1: Evaluation of the Commercial Success Factors presented in the Assessment
- Theme 2: franchise contracts, procurement and implementation and transition planning
- Theme 3: consideration of cross-boundary services and the service permit regime
- Theme 4: Asset strategy
    - Depot strategy
    - Fleet strategy
- Theme 5: Impact on small and medium sized operators
- Theme 6: Lotting Strategy
- Theme 7: Risk allocation

6.2. Theme 1: evaluation of the Commercial Success Factors presented in the Assessment

6.2.1. This theme acknowledges comments made about the CSFs and the Combined Authority's analysis of how the bus reform options would perform against them.

6.2.2. As well as general comments, the theme includes a number of sub-themes reflecting the individual CSFs, which are:
- Best value
- Drivers of competition between operators
- Ease of implementation of options
- Transport Authority Influence
- Appropriate risk allocation

6.2.3. Generally, stakeholders suggested the CSFs identified within the assessment were correct, for example Calderdale Council suggested they "*appear to cover all the commercial success factors for franchising*".

6.2.4. Others commented on how assessment against the CSFs should be weighed up against other factors within the Assessment, including suggesting that other factors were more important, for example Globe and Station Coaches suggested "*the Commercial Success Factors should be viewed as secondary to the primary objective of maximising deliverability of the Combined Authority's Bus Service Improvement Plan by 2030*".

6.2.5. Other comments received related to how CSFs aligned between the two bus reform options, such as Transdev who stated "*We believe that both would support the success factors, but that the statement 'there is a risk with EP+ that the benefits can only be achieved by negotiation' overstates the likelihood that operators will be diverging from the objectives set out. The EP+ is simply designed to achieve what franchising would but at lower cost. We therefore disagree that franchising enables the authority to better meet its factors*".

6.2.6. The Leeds Conservative Group felt that as local bus operators have supported the development of the EP+ proposals, it gave confidence in the ability to deliver these plans, whilst acknowledging that operators have the experience to provide services that the Combined Authority currently lacks.

6.2.7. Other concerns were raised by Campaign for Better Transport, including the need for sufficient investment, high network demand and at least two strong commercial operators that would drive the success of the Proposed Franchising Scheme.

6.2.8. The public response to CSFs showed general support for the Proposed Franchising Scheme, with some disagreement with the EP+ model and how this would achieve the CSFs.

Appropriate risk allocation

6.2.9. This sub-theme reflects one of the CSFs within the Assessment. As risk is identified within a different theme of the report, it is discussed elsewhere in this section.

Best value

6.2.10. This theme acknowledges specific comments made with regards the assessment of how each bus reform option performs against the 'best value' CSF. Respondents expressed differences in opinion about which option offered best value.

6.2.11. With regards to the Proposed Franchising Scheme, TfGM suggested that, in line with evidence set out by the Combined Authority, they had spent increasing public money on the bus network to maintain services and fill gaps which led them to introduce a franchising scheme. Their response highlighted that this was "*an inefficient use of public sector funding and a sub-optimal way to plan an effective public transport system*". Their decision to introduce a franchising scheme responded to the need to balance funding requirements and network need and their response highlighted that under their franchising scheme, they have increased opportunities to deliver a network that is based on customer needs and offers best value for money.

6.2.12. The Peak District National Park Authority raised a concern that the EP+ would benefit operators and would continue to concentrate on routes that offer the best commercial outcomes and therefore not offer best value to the Combined Authority. Similarly, Stagecoach suggested *"if delivered effectively, Franchising can ensure the desired balance between price and quality through the competitive bidding proces*s."

6.2.13. Better Buses for West Yorkshire focused on the additional point that removing excess profit margins will deliver a better value option as will the dynamic reinvestment available through the Proposed Franchising Scheme.

6.2.14. Counter to this, several incumbent operators suggested that the EP+ presents the best value option with Connexions suggesting "*The EP+ remains the best value in my view, and certainly the quickest and most reactive one*". Similarly, J&B Travel highlighted that best value could be achieved through the EP+, as the cost to the taxpayer is vastly reduced, when compared to that of the Proposed Franchising Scheme. Operators also suggested that under the EP+, operators have more incentive to improve as quality of service and performance directly relates to passenger revenue.

6.2.15. First West Yorkshire state that Best Value is subjective, questioning what the suitable combination of price and quality are within contracts and what the definition of quality is. They raised queries on how this would be scored and what quality aspects have more weighting. It was also questioned how this would be assessed under the EP+ approach.

6.2.16. The response from the public suggested some concerns regarding costs, such as investment, consideration of all financial aspects, the varying levels of funding between the two options and that public funds would be needed to pay for any mistakes.

Driver of Competition between operators

6.2.17. This theme acknowledges specific responses given with regards to the assessment of how each bus reform option performs against the 'competition' CSF. This includes differences in opinion about how competition would be impacted as well as more fundamental comments about the role of competition in a bus system.

6.2.18. Many responses were supportive of the need for competition which brings benefits to customers. Campaign for Better Transport noted the high number of operators within West Yorkshire, which creates opportunity for competition between operators, resulting in better services and better value for money. The public response, discussed in the DJS Research report, indicated support for allowing various sized operators to bid and reducing monopolies were positive outcomes of the Proposed Franchising Scheme.

6.2.19. Transdev, whilst agreeing with the logical nature of the CSFs raised a particular point on competition and suggested that periodic tendering exercises with a tightly specified contract, does not facilitate strong competition. They had concerns in the scope for operators to innovate which would affect competition within the procurement exercise. They also raised concerns that individual bidders have the potential to win all lots and the majority of lots within one procurement round having the impact of lessening competition.

6.2.20. In addition to the points on concerns raised by Transdev on a majority bidder winning the majority of lots, Go Ahead Group Ltd gave an additional suggestion of giving a maximum of 25% market share per operator allowing for a maximum number of Category A and B lots that an operator can be awarded.

6.2.21. A risk in relation to competition was raised by Arriva, highlighting that in Greater Manchester franchising was looking to increase competition, but due to costs of tendering and inclusion of *"high-risk clauses*" it has the potential to remove operators, particularly smaller ones, from the market. They also note that due to reductions in passenger numbers in West Yorkshire there remains few services which directly compete. Points raised around the number of operators in the market were supported by other operators, who noted concerns over the future on SMOs if unsuccessful in winning contracts under the Proposed Franchising Scheme, with exit of these operators' reducing competition in the market. Connexions noted concerns of replicating what happened in Manchester with the ultimate risk of having no operators left to compete.

6.2.22. Leeds City Council recognised that under the Proposed Franchising Scheme there is a greater opportunity for new operators to enter the market, however this may be at the expense of existing operators. Impacts on operators were also noted by Squarepeg with comments noting potential exit for operators "*providing a sub standard service*", countered with the point that guaranteed income will be attractive to new operators. They suggested that if the Proposed Franchising Scheme is not introduced larger operators will be "*emboldened….and they will start to stifle competition and be less customer focused".*

6.2.23. In addition, it was noted by the CMA that the number and size of contracts will impact the number of bids and therefore relate to the competition within the market, whilst Bus Users UK noted that mixed-size contract bundles facilitate competition and allows SMOs to participate, therefore creating a diverse and competitive market. These views were also reflected from public responses in the DJS Research report, with views expressed that the Proposed Franchising Scheme would allow various sized operators to bid for opportunities and the potential the Proposed Franchising Scheme has in reducing monopolies.

6.2.24. CPT noted that competition under the EP+ would be directly between operators with tendered services seeing competition from across operators. This approach is argued to ensure competition across operators of all sizes and would also achieve the CSF of best value.

6.2.25. First West Yorkshire noted that the EP+ can achieve the CSF on competition and can drive down prices whilst increasing efficiency and innovation with competition being limited to the bidding period under the Proposed Franchising Scheme. They noted that the driver of competition CSF is not measurable on a continuous basis due to the change in competition under the Proposed Franchising.

6.2.26. Stagecoach notes the differences in competition that would occur under the Proposed Franchising Scheme, with competition only being present during the bid phase. Post-award would focus on quality, which is managed through the contractual relationship. Other operators also noted the change in competition under the Proposed Franchising Scheme which would create competition for the market rather than competition in the market with J&B Travel arguing that the current system is a good driver of competition.

6.2.27. This view was reflected by the CMA that noted the changes under competition that the Proposed Franchising Scheme would see. The CMA advised that the benefits and costs of these approaches should be considered by policy makers along with the potential exit of competitors and assets from the local bus market which could impact passengers. In this way, consideration should be given so that operators should feel encouraged to bid and return if unsuccessful. The CMA noted that franchise design should be in a way that best enables competition due to changes in competition mentioned above. Risks were also raised by the CMA that structuring the Proposed Franchising Scheme in a way that protects the current market structure and incumbent operators may reduce competition and result in a lack of pressure for franchise rounds resulting in a lack of innovation and decreased pressure to deliver high quality services. The CMA's response also highlighted that competition will be affected in operators' access to depots and vehicles and that unsuccessful operators should feel that they will be supported if they choose to bid for contracts in the future. A full discussion on the implications of depot and fleet strategy considered in section 6.5. Specific comments were made by the CMA in regard to the operator market in West Yorkshire, with comments regarding the three largest operators controlling the 13 largest depots which could, in a franchised zone, deter others from competing in the tendering process.

6.2.28. Better Buses for West Yorkshire pointed to evidence from the CMA that indicates that the bus industry is dominated by significant monopoly power and little on street competition. They claim competition will exist for contracts, which will boost service quality. They add that the related commercial strategies on depot and fleet will lower barriers to entry and lead to increased competition under the Proposed Franchising Scheme. In contrast, they are critical of the EP+ option which leaves monopoly power in place with profit being maintained at a higher level to recommendations from the CMA.

6.2.29. Better Bus for West Yorkshire's response rejected the need for the bus service, an essential public service, to be ran as a competitive market. Their response highlighted that many countries operate differently in this respect, recognising the public sector should prioritise public need.

Transport Authority Influence

6.2.30. Several operators responded to the CSFs noting particular comments on transport authority influence. Both Transdev and J&B Travel responded that the options largely deliver the same ability of public control and influence over the network. This relates back to concluding remarks that some operators made in the strategic case, in which it was expressed that greater control may not necessarily lead to greater benefits. Connexions also made the point that the EP+ is almost as commercially successful as the Proposed Franchising Scheme at a much smaller cost.

6.2.31. In addition, First West Yorkshire raised the point that this CSF is not a tangible measure and naturally the EP+ would fair worse due to it not being a fully Combined Authority managed scheme.

6.2.32. Stagecoach understood the benefits of public sector influence and control on the transport network and were supportive of the approach. However, they noted that outcomes will only be delivered through significant enhancements to the network with the need to encourage modal shift. This point links back to issues raised in the Strategic Case around bus priority and the need for additional policy interventions to achieve objectives.

6.2.33. Other comments received were supportive of the approach for the Combined Authority to seek more influence, with several neighbouring LTAs suggesting the opportunities this brings and noting the need to collaborate on network planning, especially concerning cross-boundary routes.

Ease of implementation of option

6.2.34. This theme acknowledges specific comments made with regards the assessment of how each bus reform option performs against the 'ease of delivery' CSF.

6.2.35. CPT, J&B Travel, Ross Travel Group, and Globe and Station Coaches, stated that the Proposed Franchising Scheme is more complex, time-consuming and costly to implement. The EP+ is argued to require less significant resource and finances and would not "*place the huge financial burden associated with franchising on WYCA*". In summary, CPT believed that the EP+ could deliver "*at least as well*" on the CSF associated with ease of implementation when compared to the Proposed Franchising Scheme, adding that "*any network changes could be achieved through* *a collaborative EP or EP+ model".* In addition, First West Yorkshire note that the EP+ can be implemented today and no negotiation is needed to harness many of the outcomes of the report.

6.2.36. Bus Users UK point towards the conclusions on the CSFs that consider the EP+ to be more uncertain in the longer-term due to the need for operator negotiation. They dispute this claim, suggesting that evidence from other areas shows this not to be the case and that negotiation has not been hard to carry out, resulting in clear passenger benefits.

6.2.37. First West Yorkshire also note this point, which is also discussed within the Strategic Case (section 4.4), they cite that operators have provided letters of commitment, that commitments would be legally binding and that the Combined Authority would have additional enforcement powers under the EP+ therefore is able to achieve both the CSFs and strategic objectives. Their response adds that it is not clear on the evaluation criteria for each option but note that time and cost of implementation are both measurable.

6.2.38. The scale of change was noted by some respondents. Leeds City Council's response demonstrated that they note the scale of the challenge and that if the Proposed Franchising Scheme was implemented it would not be possible to do everything at once. Calderdale Council also acknowledge that the Proposed Franchising Scheme would take longer to implement, but noted the longer term socio-economic benefits of introducing such a scheme.

A concern was raised by J&B Travel and other SMOs in the timescales for implementation, with action required immediately rather than in two years time. This was mentioned alongside flagging that there is a risk of severe disruption during transition which could impact customers.

Additional remarks

6.2.39. There were several other general comments received regarding the presentation of the CSFs within the Assessment that are covered here.

6.2.40. Several smaller operators suggested that the CSFs should be viewed secondary to the primary objective of deliverability of the Combined Authority's BSIP, highlighting that these should be the primary objective of bus reform. Connexions added that the models used in the Assessment, showing decline, does not demonstrate success. Other operators reaffirmed earlier comments that the EP+ is easier and less costly to implement.

6.2.41. First noted that several of the CSFs are subjective and should be amended to be more objective. They also noted, similar to the above, that there is no measure regarding passenger outcomes. In conclusion questions to the CSFs they presented a mixed response, suggesting that they are unable to comment until the CSFs are amended, but noting specific points that the EP+ can be implemented today, that the Proposed Franchising Scheme is not better placed to deliver the CSFs and that the EP+ has set out mechanisms to achieve all the CSFs.

6.2.42. Another issue raised was the importance of accountability to the public, which was a suggestion from Action for Yorkshire Transport. The Commercial Case demonstrates that the Proposed Franchising Scheme, through transport authority influence, leads to greater decision-making and accountability for the Combined Authority. As a public body, the Combined Authority would continue to take publicly accountable decisions.

6.2.43. The CMA concluded that for the Proposed Franchising Scheme to be present it must adapt to changing passenger travel patterns and demand and respond appropriately to passenger needs. The Combined Authority currently undertake data collection exercises and use data sources to understand passenger demand and barriers to use. We will continue to use such sources regardless of governance mechanism.

The Combined Authority's Response

6.2.44. The Combined Authority welcomes comments on its assessment of the options performance against the CSFs but remains of the view that the Commercial Case of the Assessment considers these appropriately. The focus of the Commercial Case is in whether the different models would lead to a viable commercial model, including considering whether they would attract competition. Consideration of whether the options would deliver different passenger outcomes are assessed in other cases of the Assessment, primarily the Economic and Financial Cases, whilst passenger satisfaction is included within the objectives of the Strategic Case.

<u>Best value</u>

6.2.45. The Combined Authority note the different views that are expressed in relation to delivering best value. The Commercial Case sets out why the Proposed Franchising Scheme delivers a best value option, compared to the EP+, demonstrating that there is the ability to manage service as a single portfolio and routes can be packaged to deliver best value using effective cross-subsidisation. This contrasts to the EP+ in which the Combined Authority need to negotiate on network interventions with operators, and whilst supported by the Network Management Group and data sharing, the EP+ does not remove the risk that commercial operators will continue to take independent decisions on services.

6.2.46. The Combined Authority note that the CSFs are used within the Assessment as a qualitative assessment of options in the commercial case and are taken together with the quantitative analysis in the Economic and Financial Cases to form a robust and balanced assessment of options.

6.2.47. The Best Value CSF considers the commercial impact of the governance mechanism. The Proposed Franchising Scheme provides the ability to contract in a coordinated way, benefitting from the ability to engage and warm up the market and generate economies of scale from a higher number of services in a single contract. Conversely, the EP+ retains the existing position in which tendering is reactive which provides limited ability for the Combined Authority to leverage buying power in a coordinated manner. This drives the qualitative based higher scoring for Franchising compared with EP / EP+.

6.2.48. In regards to the specific point raised by First West Yorkshire on price and quality. The Combined Authority understand the concerns regarding the procurement process under the Proposed Franchising Scheme and the tender process will be a balance between quality and price in line with procurement processes. The detail behind this will be developed at detailed contract design stage and the balance of these factors within contracts will ensure success will not be based purely on the most competitive bid.

<u>Driver of competition between operators</u>

6.2.49. The change in competition from on street competition to competition between contracts has been discussed through this theme in the context of reducing barriers to new entrants to the market and the ability for the Proposed Franchising Scheme to better deliver against this. We have noted concerns regarding the number of operators and the impact on SMOs and recognise the importance of having a variety of operators of mixed size in any franchising scheme, both in this response report and in our Commercial Case. There is sufficient time within the implementation plan to review the procurement strategy to ensure it is driving competition, and this process with continue through future contract rounds.

6.2.50. Under the EP+ the Assessment shows the possibility to restrict frequencies to rationalise the network, limiting competition on particular routes, and it was concluded that the EP+ could reduce competition. The Proposed Franchising Scheme was seen to shift the competition onto competition for contracts, as explored above. Therefore, it was concluded that competitive bidding would be a greater driver of competition, supported by the fleet and depot strategies which mitigate barriers of entry to the market from new operators.

6.2.51. While we note the point around on-street competition and the benefit this brings, there is limited evidence that the existing EP or an EP+ would drive competition and innovation and there remains limitations and barriers for new entrants to the market. Barriers to entry on competition for contracts where they exist could be more easily overcome under the Proposed Franchising Scheme, particularly through the provision of access to fleet and depots, and could encourage more operators to participate in the bidding process, hence this CSF scores higher when than the EP+ in the Commercial Case.

6.2.52. Responding to comments on the number of operators within the West Yorkshire market, the Combined Authority note that the primary driver of competition within the Proposed Franchising Scheme is allowing a great number and range of operators to bid for contracts, driving competition within the bidding process. Within an enhanced partnership approach, competition is generally limited to existing operators, with significant barriers in the ability to attract new operators to challenge incumbents. The Commercial Case supports this, with complementary depot and fleet strategies part of how this can be achieved. In regard to the potential for SMOs to exit the market, the Combined Authority recognises the importance of SMOs within a healthy bus market and has set out a specific mechanisms for how involvement of SMOs will be facilitated in section 5.5 of the Commercial Case with the lotting strategy for the Proposed Franchising Scheme providing opportunities through smaller lots and a considered approach to contracts for those lots. In regards to concerns on discouraging majority bidding, the Combined Authority will ensure effective market testing will be carried out in the detailed contract design stage alongside a fair and open competition, mitigating against barriers to entry through ensuring access to depots and fleets.

Transport Authority influence

6.2.53. A few comments were raised in regards to transport authority influence. We acknowledge the range of views, but remain clear that our conclusions in the Commercial Case demonstrate the control and certainty offered under the Proposed Franchising Scheme can better deliver outcomes through allowing better oversight over the network as a whole, interventions, and contracting, resulting in a more consistent service for customers.

6.2.54. The Combined Authority note the points made surrounding control in consultation responses, but confirm that, consistent with the Commercial Case, the ability to control the design of the Proposed Franchising Scheme can help deliver outcomes and target delivery of strategic priorities on the basis that it provides the Authority with control over network, interventions and contracting. The Combined Authority can therefore achieve greater influence, particularly related to the spending of public money, whilst overcoming issues of operator agreement and negotiation which would persist under the EP+.As noted within the Assessment, including section 8 in the Strategic Case, there is additional benefits to Combined Authority Influence in the ability to facilitate easy interchange across other modes including existing walking, cycling and rail infrastructure and the future mass transit network.

Ease of implementation of option

6.2.55. We note the responses received relating to the ease of the implementation of options and recognise in the Commercial Case that the Proposed Franchising Scheme does not come without significant challenges in this area. However, it is equally the case that the EP+ may not be an easy to introduce as suggested with the need for materially greater operator commitments than have been reached to date in implementation of both the previous Bus Alliance partnership agreement and the current Enhanced Partnership, meaning that further legal agreements will need to be reached across the bus operator community in order to fully realise commitments.

6.2.56. In response to points made around the ease of implementation of the EP+, while in theory EP+ could be implemented today (and the Combined Authority, of course, already has an Enhanced Partnership in place), the broader point is that the enhanced elements of EP+ over the existing Enhanced Partnership would require negotiation and agreement with operators. This would take some time and the Authority has limited control and ability to influence the outcome of negotiations. This would impact network changes, that underpin the EP+, and whilst operators have shown support through a Network Management Group and proactive data sharing, the detailed mechanisms required to implement this would still need agreement and would continue to present a material risk to delivery. There would also be a need for agreement to supporting arrangements and actions within such structures, such as on individual Qualifying Agreements or Voluntary Partnership agreements that may be required to support operator commitments or changes to the existing ticketing arrangements with WYTCL .

6.2.57. In regards to specific comments raised around the cost of implementing the Proposed Franchising, the Combined Authority reiterates that the same cost has been used across both options and therefore comments around the financial burden and financial resources argued to impact this option over the EP+ is not valid. Further financial considerations on funding and finance sources are set out in section 7.3.

6.2.58. Responding to claims from operators that dispute the need for negotiation in the EP+, it is noted that letters of support are included for this option, however these are not legally binding and formal negotiation of the EP+ would need to be completed risking some commitments not coming to fruition. The EP+ would therefore not in itself be sufficient to give certainty over the commitments suggested including reallocation of network resources through the Network Management Group and funding being available to invest in ZEBs.

6.2.59. The Combined Authority realise the scale of change required in order to address the challenges across the bus market but remains confident that the significant resource and financial effort required to implement the Proposed Franchising Scheme brings more benefits than the EP+.

6.2.60. It should be noted that ‘ease of implementation’ is not a binary measure of implementation and rather the Combined Authority’s ability to implement an option. We are therefore confident that, whilst the Proposed Franchising Scheme may be challenging to implement and presents a significant resource and financial effort, this is balanced against the wider benefits that it could bring.

Overall conclusion and additional remarks

6.2.61. We note the additional remarks made in regard to CSFs and overall still conclude that the basis for CSFs to be measured is as a consistent basis to measure commercial implications in a qualitative manner. Green Book Guidance has been reviewed and the Combined Authority believes the approach is robust and fit for purpose. Further to this, it is noted that CSFs work alongside quantitative measures in the Economic and Financial Cases and the Strategic Case objectives to ensure a fully informed view is taken on the deliverability of each bus reform option

6.2.62. The Combined Authority note concerns on prioritising CSFs above BSIP objectives. The Combined Authority can confirm that the CSFs were formed to represent the commercial objectives the Proposed Franchising Scheme is seeking to achieve and are intended to provide a consistent qualitative assessment of options in the commercial case and are taken together with the strategic objectives set out for Bus Reform (see section 8 of the Strategic Case) and the quantitative analysis in the Economic and Financial Cases to form a robust and balanced assessment of options.

6.2.63. Regarding comments on measurability and passenger outcomes, the Assessment employs different approaches to comparing options, both quantitative (economic and financial analysis) and qualitative (commercial case analysis). There is no requirement to develop CSFs in HMT Green Book or Franchising Guidance. As a result, the Authority considers the approach employed to be robust, and the CSFs and the assessment of options in the commercial case to be fit for purpose.

6.2.64. In regard to First West Yorkshire's response, and noting the responses to individual comments through this theme, the Combined Authority note the provisions in the EP+ that could improve the partnership mechanism such as the Network Management Group and data sharing, but these still require negotiation with operators and enforcement mechanisms are limited under Enhanced Partnership schemes themselves to the potential cancellation of service registrations for non-compliance. Other sanctions could be introduced through negotiation of other agreements as part of the EP+ structure, but as noted above, these will require negotiation and will then place an additional administrative burden on both operators and the Combined Authority. Under the Proposed Franchising Scheme, influence can be exerted through franchise contracts, including enforcement under the performance regime. On points around competition, the Combined Authority note the point in changing competition, however the Combined Authority's view remains that competition under the EP+ is likely to remain limited with a lack of evidence of new entrants being willing or likely to enter the market and relatively limited current on-road competition. The Combined Authority also note that ease of implementation is not a binary measure and relates to the Combined Authority's ability to implement an option. Both options come with their bespoke challenges and these are reflected in the Commercial Case of the Assessment.

6.2.65. Additional interventions are discussed throughout the Assessment, particularly noting in the Strategic Case the need for additional policy measures to support the governance mechanism to achieve policy goals as neither the EP+ or the Proposed Franchising Scheme can achieve some of the wider goals alone.

6.2.66. Whilst useful to understand different organisation viewpoints, the feedback received from consultation reaffirms the conclusions made about the Proposed Franchising Scheme performance against the CSFs.

6.3. Theme 2: franchise contracts, procurement and implementation and transition planning

6.3.1. This theme looks to address comments received on the approach to procurement and contracting that is set out in the Commercial Case.

6.3.2. Several sub-themes were raised on contract specifics which include:

- Contract length
- Additional contract specifications to be considered

- Implementation and transition

6.3.3. General comments received were supportive of several of the proposed contract terms set out in the Commercial Case including contract length and the inclusion of a performance regime. Social value in contracts was noted by Bus Users UK, noting the importance of this as part of the contracting strategy.

Contract length

6.3.4. Several responses were received commenting on contract length. These represent a largely positive view of the proposals contained within the Commercial Case. This is also reflected by the public response in the DJS Research report that showed general agreement with the proposed lengths as a common theme.

6.3.5. Several incumbent operators noted that longer length contracts are positive in attracting more investment from operators and delivering better value for you. This could bring positive benefits to service and quality levels. In addition, other comments noted that it provided sufficient time to see impacts on patronage and assess network changes.

6.3.6. Some smaller operators also gave positive comments on the possibility of negotiation on contract length contained within the Commercial Case allowing SMOs to extend B and C lot contracts to 7 years and this will allow greater investment in services. J&B Travel and Connexions flagged that they would like to see consistency in contract length requesting that contracts were 7 years across A, B and C lots. The Go-Ahead Group Ltd., a bus operator not operating currently within West Yorkshire, also encouraged giving the longest possible contracts for B and C Lots to provide stability and to improve competition.

6.3.7. First West Yorkshire noted that short term contracts are more expensive and reduce stability for customers and agreed on the 7-year contract length for Category A lots, with a suggestion of an extension of 3 years to reward performance. Regarding the B and C lots, they recommended 5-year contracts, again with a 3-year extension period.

6.3.8. In addition to First's comments above, Stagecoach raised concerns that the Category A Lots had a relatively short contract term and that these should be considered for a contract extensions rewarding good performance. Their stated example was extending a Category A lot to 10 years. Longer contracts were seen to encourage and enable greater investment.

6.3.9. The CMA noted that contract length is an important consideration, as if franchises are tendered too frequently it would "*blunt an operator's incentive to invest*", whilst also noting that a 7-year contract risks significant structure change between procurement rounds due to the potential for operators to leave the market. They suggested that shorter contracts could mitigate this risk through providing more flexibility and reducing risk for SMOs.

6.3.10. Additional comments on contract length included a caution from Transport UK on "*deviating away"* from the 7-year contracts included within the Proposed Franchising Scheme as this could lead to claims of potential favouritism of incumbent operators, the need for additional fleet in transition and risks to set up for smaller operators.

6.3.11. Leeds City Council suggested that to better facilitate network redesign, some contracts could be initially let for shorter periods of time so that routes could be altered, including suggestion for the need to combine and rework routes.

6.3.12. Better Buses for West Yorkshire also raised contract length and the potential to impact stability in the bus market with shorter contracts potentially causing labour market issues potentially impacting driver availability. The impacts on employment are discussed further within the Management Case section of this document.

Additional contract specifications to be considered

6.3.13. There were a number of responses that discussed additional detail or focused on particular contract specifications raising a number of questions and concerns.

<u>Performance regime</u>

6.3.14. There were several responses that talked to the need for a performance regime that incentivises improvement and passenger growth. The CMA suggested that the Combined Authority needed to oversee the Proposed Franchising Scheme in a way that there would be effective scrutiny of operators to ensure franchise contracts are adhered to and passengers are benefitted. The need for consistent standards and the capacity to monitor and implement measures and penalties was also raised by the CMA, stating the need to reward investment and innovation that delivers benefits. They added that with the Combined Authority providing a central contact for customers, it will identify poor performance quickly, alongside the ability to respond promptly to customers, therefore holding operators to account.

6.3.15. Transdev noted the need for flexibility in the approach to monitoring routes due to differences in routes operating between urban, interurban and rural areas and the same rules should not apply to all.

6.3.16. Transport Focus noted the inclusion of the performance regime but asked for further details on what would be included in the performance regime, which was a response also suggested by First West Yorkshire.

6.3.17. Additional comments were received from Better Buses for West Yorkshire, suggesting criteria to be included so that the Combined Authority can terminate contracts early due to poor performance.

6.3.18. The inclusion of a performance regime into contracts was seen by CPT to overcome issues in the Proposed Franchising Scheme having little incentive to improve services or grow passengers , along with some small operators. However, it was noted to be a significant change to how operators work currently. J&B Travel largely welcomed the performance regime in delivering improvements, but this had to be complemented by bus priority to tackle issues such as congestion and contracts need to be approach in a fair way. It was noted that the performance regime needs to be simple and reflect what customers want to mitigate.

Change mechanism

6.3.19. Several incumbent operators suggested the need for contracts to include comprehensive change mechanism to mitigate risk. This would ensure that risk does not fall solely to operators who may have no choice but to default on contracts. Respondents urged that a this would allow the Combined Authority and operators to jointly agree changes allowing improvements to the contract and the services to deliver.

Contract content and resource

6.3.20. Several incumbent SMO operators highlighted the need for contracts to consider the content of contracts and performance regime to ensure that SMOs are able to compete in the bidding process. This included specific concern over the permit regime relating to cross-boundary services which is covered elsewhere in this document.

6.3.21. Dales and Bowland CIC raised the issue of contract resource, suggesting that franchising contracts need to be designed in way that meets the objectives and expected outcomes. It was noted from a number of smaller operators that ensuring the tender process was not overly complicated and did not place excessive administrative and regulatory burdens was of great importance.

6.3.22. Stagecoach made comments that were generally supportive of the contract terms supporting the Combined Authority to make decisions on specifying routes, frequency and timing. They requested that the contract element regarding number of buses should reflect trips per hour rather than being an instruction on PVR or fleet size as removing this flexibility in contracts will harm competition and innovation and increase cost. The Combined Authority recognise this comment and will look into this at detailed contract design stage.

6.3.23. First West Yorkshire raised a concern in their response suggesting that whilst supportive of a less onerous contract for smaller lots, the same standards need to apply to all operators and contracts so that SMOs do not have an unfair competitive advantage.

Contract failure

6.3.24. Other comments were received questioning what measures would be included in contracts should operators be unable to meet contract specifications, such as inflation meaning that operators can no longer cover the costs of operation. Several stakeholders raised questions on the ability to write the provision of operator of last resort into contracts to guard against cancellations and service degradation should an operator exit a contract. Better Buses for West Yorkshire supported this view and stressed the importance of security advantages in having a publicly owned operator of last resort.

6.3.25. If the decision is made o proceed with the Proposed Franchising Scheme then these points will be taken into account in developing the full contracts during their design phase. This will include considering detailed grounds for termination and rectification of franchise contracts on performance failure and breach, and how mitigations can be implemented during the term of franchise contracts to avoid failures occurring.

6.3.26. In terms of an operator of last resort, the current Bus Services Act provisions make establishment of a publicly owned operator of last resort similar to those used by government for rail, difficult, as section 22 Bus Services Act 2017 expressly prohibited the establishment of new municipally owned bus companies. Therefore, it is not possible to expressly replicate the model used to take control by government of poorly performing rail operators. Section 1230 does, however, allow for short-term operation of services on a last resort basis by the Combined Authority itself, on an interim basis, but for a limited period of six months, and the Combined Authority will also include other standard mechanisms within its contract to manage risk of performance failure or termination of contractors, including performance security and step-in rights to mitigate these risks further, and market test those provisions prior to procurement to ensure that such provisions are included on a proportionate basis. This detail is currently not proportionate to the stage of Assessment and detailed provisions would be worked up in detailed contract design stage should the Proposed Franchising Scheme bed made .

Additional considerations

6.3.27. Several bespoke comments and queries were raised in relation to procurement and contracts. This included several requests on the ability to submit combined operator bids which would offer best value to the Combined Authority and local customers. This suggestion included single price for multiple depots or routes and allowing operators to combine bids together. This was claimed to enable for efficient operations and deliver more competitive bid pricing.

Implementation and transition

6.3.28. Contract implementation and transition periods were noted by several stakeholders. Several comments were made in terms of speed of delivery of the Proposed Franchising Scheme, with respondents noting the need to deliver change as speed and ensure the resource is in place to deliver this. Stagecoach noted that the potential reorganisation of routes and depots is important to consider alongside implementation costs. However, many respondents were broadly supportive of the planned implementation timescales.

6.3.29. Resource in managing contracts was raised by the Peak District National Park Authority who noted that letting of contracts will be resource intensive and differing timescales across tranches should be considered.

6.3.30. First West Yorkshire responded that they felt the implementation plan to be potentially rushed, with insufficient time to consider lessons learnt.

6.3.31. Calderdale Council also commented that whilst it is important to follow the procurement timescale which delivers the Proposed Franchising Scheme in the shortest time to reduce disruption to passengers, it is important to note challenges in acquiring assets.

6.3.32. Better Buses urged that accelerating the implementation for the Proposed Franchising Scheme as crucial and will address urgent concerns across social, economic and environmental policy.

6.3.33. A particular issue was raised by South Yorkshire MCA who noted that there are similarities between mobilisation and transition phases with their proposals on bus reform. They suggested this has the potential to create a busy market for operators and could create challenges. SYMCA wanted to ensure close working with the Combined Authority to ensure risks and challenges were overcome in this area if both authorities choose to proceed with franchising schemes. It was also noted by some responses that lessons should be learned from the transition periods in Greater Manchester.

The Combined Authority's response

6.3.34. This theme has discussed the issues raised around contracts in stakeholder responses to the consultation. It recognises the largely positive comments received in regard to contract length and notes the helpful additional comments on contracts which will be considered at detailed design stage. The Combined Authority is therefore confident in the information set out to consultees regarding contracts and is assured of their approach to these under the Proposed Franchising Scheme.

Contract length

6.3.35. The Combined Authority welcomes the positive feedback received on contract length which support the assumptions formed in the Commercial Case. In regard to concerns on contract length, the term of contracts was chosen on the basis of feedback from operators in market engagement. We note the helpful comments on contract length and extension mechanisms and will consider feedback on these during detailed contract design if the Proposed Franchising Scheme is chosen as the preferred option, and would engage again with the market on finalisation of any such decisions. The intended default contract length still remains to be 7 years for Category A Lots, with the detail on Category B and C Lots to be determined on a contract-by-contract basis.

6.3.36. Considering the question of initially letting shorter contracts, it is explained in the Commercial Case that for some lots shorter contracts will be offered to regulate the flow of opportunities to the market after the initial franchising process is completed. It should be noted that larger contracts will have change provisions which will allow for the addition / removal of services within contracts including as demand patterns change over time. Although it was noted by Leeds City Council that shorter contracts could support network redesign, the Combined Authority have done so to regulate the flow of opportunities, and that pre-specifying which services are on shorter contracts will arguably not help with network re-design, as any network re-design will then end up following the ordering of contract terminations that has been pre-planned. We would expect that the contracts will allow some re-design of services "in-contract" and then potentially allow for future contracts to then make provision for future re-design.

Additional contract specifications to be considered

6.3.37. If the decision to proceed with the Proposed Franchising Scheme the Combined Authority agrees that it would be good practice to include a detailed change mechanism allowing contractual change on a basis consistent with the applicable procurement rules, whilst allowing improvements to the contracts and services to be delivered, as would be the case with any service contract. The detail of this drafting would be worked up during the design phase of the franchise contracts .

6.3.38. The Combined Authority note the positive comments received regarding the intention to implement a performance regime within the contracts. The current position on the performance regime is proportionate to the stage of development and the assessment undertaken and would be worked up in further detail should the decision to proceed with the Proposed Franchising Scheme is taken. The Combined Authority would also expect to market test these more detailed principles with operators. Additional contract mechanisms to help regulate performance could be considered during detailed contract design such as provision for “step-in” performance by operators where other operators perform poorly, and/or procuring a standby operator of last resort, who can step-in to use assets if required.

6.3.39. In terms of issues relating to performance regime, the Combined Authority would expect to include this as a standard part of any service contract developed, and would develop the detail of this at contract design stage if the Proposed Franchising Scheme is progressed. The Assessment sets out a number of principles within which any Performance Regime would be developed, however it would not normally be the case that during the business case stage, the Performance Regime would be developed in detail prior to any decision on the option being taken. The Authority would engage with the market to inform its Performance Regime during a detailed contract design stage and this would be the Combined Authority’s intention, including market testing the approach to performance.

6.3.40. Contract terms are discussed within the Commercial Case of the Assessment recognising that applying complex requirements to Lots B and C may act as a barrier to entry, particularly regarding SMOs. The Combined Authority have proposed that franchise agreements for smaller lots will adopt a gradual move from the current contracting arrangements for supported services, with initial contracts let on substantially the same basis as current gross cost contracts, with some franchising specific updates required such as performance standards. This would allow for SMOs to gradually move to an overall franchise system allowing for SMOs to compete effectively in the market, whilst considering all contracts across consistent performance standards. It is intended that the same terms would apply to all bidders for any particular contract, so First West Yorkshire's concerns regarding different standards applying to different operators should not arise. It is, however, sensible and reasonable that smaller contracts may have lighter touch terms than contracts applying for larger franchises – but as this would apply to anyone tendering for those services, this should not create the competition issues that First are concerned about.

6.3.41. It is noted that any decision to proceed with the Proposed Franchising Scheme will necessarily mean a significant change in working for operators. Through the Strategic Case it is noted that the Combined Authority will look to introduce further policy mechanisms, including bus priority, subject to further decisions and funding and that a change in governance mechanism will not fully tackle issues around congestion.

6.3.42. Whilst the Combined Authority can see the benefit of potentially allowing for combined lots to be tendered by operators, there is a risk that this will materially increase the time and cost to the Combined Authority of running the procurement process, due to the extended time that may be required to evaluate and manage the interaction between such tenders. There is also a risk that it could lead to exclusion of smaller operators from the market, as it will allow larger operators to potentially tender on a basis which allows them to win a larger number of Lot B and C tenders, and provide them more opportunity to do so, by submitting multiple grouped tenders. For this reason, why this may allow the CA to achieve lower cost tenders, there is a material risk that it may not achieve best value overall, in particular if it restricts the bidders in the market and adversely impacts SMOs. However, the Combined Authority will keep this under review and engage with potential bidders in pre-market engagement to understand if there are any ways that these benefits could be achieved without the potential adverse impacts identified occurring.

6.3.43. The concerns relating to the ability for operators to participate due to the complexity of contracts have been addressed in the Commercial Case of the Assessment, which proposes simpler arrangements for Lot B and C contracts more consistent with current local service contracts, which will help overcome issues of complexity in particular for SMOs who are familiar with the current contract form, facilitating easier participation for operators in these contract procurements. It should be noted that a less onerous bidding process is not proposed for SMOs (with the same process applying for all bidders within Lot B and C contract rounds), rather a less onerous bidding process is proposed for smaller contracts that may suit SMOs.

Implementation and transition

6.3.44. A variety of views were received in relation to timescales of the implementation plan, including specifically from CPT, Bus Users UK and TLC on the ability to learn lessons between the phases of tendering. The Combined Authority can conclude that the plan takes a phased approach to letting contracts to allow for lessons learned between each procurement and mobilisation phase. It is also designed to allow for Operational learnings from Round 1 to be factored in by the time Round 3 is let. As a result, the Authority is confident that its proposed approach allows for continued learning and improvement.

6.4. Theme 3: consideration of cross-boundary services and the service permit regime

6.4.1. A number of comments were received in regard to the operation of cross-boundary services and the introduction of a permit regime should the Proposed Franchising Scheme be made. Many comments concerned the importance of cross-boundary services, noting that passengers do not travel solely within West Yorkshire and that there should be no artificial barriers to travel, however it was noted that cross-boundary services are out of scope of the scheme and therefore may not necessarily see improvements.

6.4.2. General issues on consistency of services were also discussed, such as potential negative impacts in differences between franchised and permitted services raised by the CMA and the potential impact of services "*looking visually and operationally out of place in or out of West Yorkshire*" (CPT).

Service permits

6.4.3. A few respondents noted that a service permit system would seem a sensible solution to handling cross-boundary services.

6.4.4. Dales and Bowland CIC, along with a number of other incumbent operators, noted that it was unclear on the proposals on how tendering for cross-boundary services would be managed alongside franchising contracts. They expressed the need to improve cross-boundary services to ensure it is easy for people to travel between West Yorkshire and surrounding areas.

6.4.5. In addition, Friends of Dales Buses noted that whilst a separate consultation is required on service permits, it is important to secure cross-boundary services before franchise contracts are introduced along the same routes or within the same franchising zone. It was also important to acknowledge the success of smaller cross-boundary services if the Combined Authority pursues the Proposed Franchising Scheme.

6.4.6. SYMCA raised particular concerns about the standards set out within service permits asking that cross-boundary services should be able to continue with existing equipment and schemes, including existing fleet and ticketing systems, or that appropriate financial support is available to operators in order to introduce the required fleet or ticketing standards. This response was also expressed by South Pennine Community Transport who noted that "*special attention must be given to cross-boundary services and ticketing"*.

6.4.7. This was echoed in the response provided from the CMA, noting that the Combined Authority needs to continue to facilitate cross-boundary services effectively, to *"minimise negative impacts arising from differences in ticketing, pricing or service levels".* The CMA also stated in their response that there is scope to extend the use of a permit regime to facilitate innovation. This could include new providers using data to showcase new opportunities for routes to the Combined Authority which could increase patronage. This would mean that new routes could be introduced, subject to an assessment by the Combined Authority.

6.4.8. CPT raised an issue with the service permit regime in that is has the potential to impact neighbouring networks which are interlinked. This links to some of the comments and concerns discussed below regarding potential reductions in cross-boundary services.

6.4.9. This was noted by TfGM who expressed the need for clarity on the requirement for non-franchised services that cross the Greater Manchester / West Yorkshire boundary being required to operate with a service permit and how this will be applied across the lotting phases. They made particular note of those not covered in the areas that are part of the initial tranche.

6.4.10. Resourcing and administrative concerns were flagged by Lancashire County Council asking for permit regimes to not create an unnecessary burden, with the ability for permit regimes to react quickly to emerging service priorities that neighbouring authorities may have. The concerns on the administrative burden were reflected in the response from Bradford Metropolitan District Council who suggested the need for them to be "*light touch in nature and only used where strictly necessary*".

6.4.11. The public response, presented in the DJS Research report, showed a small number of respondents noting the need for a *"fair"* permit system and noted potential issues with ticketing.

Scope of network

6.4.12. Several respondents noted that they had concerns around the language around cross-boundary services. This included a range of West Yorkshire districts, operators and neighbouring LTAs who expressed concern that the language was phrased around continuation rather than proactively improving these services. Stagecoach stated that they have assumed that the cross-boundary services do not change in terms of routes and frequencies.

6.4.13. Calderdale Council asked for further future dialogue on how cross-boundary services would be managed as they provide important strategic links to neighbouring areas. This was echoed by TfGM, North Yorkshire Council and Lancashire County Council, as well as operators such as Stagecoach. In addition, cross-boundary ticketing was also raised, reflecting discussions in the Strategic Case section of this report with TfGM suggesting the potential for integrated ticketing between the two regions.

6.4.14. CBMDC noted concerns on the potential for cross-boundary services to be negatively impacted as "*private operators have an incentive to run services where there is demand irrespective of boundaries, yet WYCA would not have the same incentive*". They add particular concerns regarding the Skipton Road corridor in Keighley, which could impact services serving Airedale General Hospital, with potential to impact services between Bradford and Harrogate. Their response sought assurance that service levels in these instances will be maintained.

6.4.15. In addition, North Yorkshire Council raised concerns regarding commercial, marketing and service operation functions that are carried out for services that operate in their region and are based out of depots and head offices within West Yorkshire. They noted that there are a number of services (both commercial and tendered) that run from depots in West Yorkshire which operate either wholly or partly within North Yorkshire. There was a request that bus operators needed to continue to provide these functions so that services within North Yorkshire are not impacted and that should the Proposed Franchising Scheme be progressed, that measures are included to ensure these services are not impacted.

6.4.16. Friends of Dales Buses expressed concerns of how cross-boundary services would be facilitated, especially noting the recently formed North Yorkshire Combined Authority. They suggested this may create undue risk on services such as Dalesbus, with passengers at the periphery of the West Yorkshire area seeing a drop in their services. This linked to concerns expressed from a variety of respondents, including neighbouring LTAs, setting out the risk to commercial and tendered cross-boundary services which currently run from depots in West Yorkshire and operate wholly in neighbouring authorities. North Yorkshire Council expressed specific concern on the detrimental impact this could have on passengers if these services were affected.

6.4.17. SYMCA noted that both rounds 1 and 2 border the South Yorkshire region and cross-boundary services operating across these areas require careful consideration to ensure they continue to operate during transition and during the Proposed Franchising Scheme. Further engagement on this was noted as important to this.

6.4.18. Dales and Bowland CIC expressed concerns that cross-boundary services were not adequately addressed, failing to respond to important cross-boundary links which need to be integrated within West Yorkshire's bus network, specifically mentioning links to South Yorkshire and Lancashire. Their concern regarded cross-boundary services being neglected and being considered as secondary to the main West Yorkshire network and raised the issue of funding specifically which they felt was not mentioned through the consultation documents. The response also highlighted specific concerns in relation to depots that operate out of area services and the concern that services could be cut as a result of implementing the Proposed Franchising Scheme. This issue was also raised in response to questions on the Proposed Franchising Scheme as is discussed in Section 3.2 of this report.

6.4.19. First West Yorkshire also noted the importance of considering the Proposed Franchising Scheme' impact on neighbouring LTAs transport policies and the need to consider passenger impact and passenger growth. These were important considerations in terms of viability of the network.

6.4.20. The public response largely reflected these views pointing to the need for collaboration to allow cross-boundary services and the need for the Proposed Franchising Scheme to support objectives of neighbouring LTAs. They also expressed the need for a fair permit system and flagged issues around ticketing.

List of services

6.4.21. Several incumbent operators noted inconsistencies between the consultation document and the provided appendices in terms of which are to be included in the Proposed Franchising Scheme.

6.4.22. There were comments on some cross-boundary services being included in the list of services, but this may relate to the list before it was revised, as the final list did not include any destinations outside of West Yorkshire, in recognition that the scheme cannot apply beyond the Region. A further discussion and explanation of this issue can be found in section 3.4 of this report.

The Combined Authority's response

6.4.23. The Combined Authority notes the concerns raised by respondents in relation to the impact any franchising scheme could have on cross-boundary services. If the Proposed Franchising Scheme is made, it is agreed that an effective approach to managing these cross-boundary services now, and in the future, is important to maintaining important social and economic links. As per the assumptions made by Stagecoach, the Combined Authority see the continuation of current cross-boundary routes and frequencies within the Proposed Franchising Scheme, and that those services would be subject to a service permit regime.

<u>Service permits</u>

6.4.24. The proposed service permit regime, would be introduced following the making of the Proposed Franchising Scheme, if a decision is made to proceed with that scheme, and will be subject to a further consultation which will include consideration of service standard conditions which several respondents raised as concerns. The Combined Authority remain committed to operating the current network, including the cross-boundary services which provide crucial employment, education and leisure links beyond the West Yorkshire boundary. The vast majority of cross-boundary services are currently operated commercially, and under the Proposed Franchising Scheme, such services could continue to be able to be run under a service permit, assuming they meet the statutory criteria. Those statutory criteria would also mean that, as the CMA have suggested, any innovative services which were to be proposed by operators and which benefit passengers whilst not adversely affecting franchised services would also be able to operate, whether cross-boundary or wholly within West Yorkshire .The details of the service permit regime including any conditions that might apply will be developed following any decision that introduces the Proposed Franchising Scheme, and would become operative on the date that the scheme also comes into operation. In developing the proposed scheme and permit conditions, the Combined Authority will take into account the points raised by consultees.

Scope of network

6.4.25. Regarding issues around the scope of the cross-boundary network, the Combined Authority would look to continue the current network, including cross-boundary services, as set out in the Assessment. As outlined already in this section, in response to the comment from CBMDC, the vast majority of cross-boundary services are currently operated commercially, and under the proposed franchising scheme, such services could continue to be run under a service permit, assuming they meet the criteria. In terms of funding therefore, supporting cross-boundary services is not currently a significant cost to the Combined Authority, as only a small handful of services receive direct funding support from the Combined Authority (less than 0.5% of the supported services budget). Where services are currently funded by neighbouring authorities this would not be impacted by introduction of the scheme. Where services could no longer be run commercially as a result of introducing the scheme, the Combined Authority would give due consideration as to whether a service could be let under other powers and be subject to the service permit regime, subject to available funding. The Combined Authority would look to continue conversations with our neighbouring LTAs following any decision to introduce franchising.

6.4.26. In respect of the operation of services from West Yorkshire depots which either run cross boundary or outside West Yorkshire, this is also discussed in section 3.2 on the Proposed Franchising Scheme, The extent to which this is an issue will depend upon choices made by the operators of those commercial services, including whether they choose to sell their depots to the Combined Authority (if they own those depots), and whether they choose to run their remaining operations from different depot locations (which remains their option in the de-regulated market). In a scenario where they choose not to do this and/or the loss of the West Yorkshire services and/or depot makes delivery of those services uneconomic otherwise and some or all of those services are withdrawn from commercial service by the operator, then the Combined Authority would look to ensure that there was not a loss of passenger benefits as a result. The precise mitigation will depend upon what is done by operators, including whether they dispose of their depots to the Combined Authority and what are the most cost effective approaches to continued provision of those services. Even where the incumbent operator chooses not to continue to run commercial services cross-boundary, the Combined Authority is mindful that other operators may choose to operate those services, if they can be run commercially. If no operator chose to do so, then public sector delivery options would require consideration. This may include securing cross-boundary services under service permits utilising existing powers either from franchised bus operators or under separate contracts. This could also include facilitating letting of services by neighbouring authorities, including through provision of spare depot capacity if this is otherwise found to be a bar on cost effective service provision, noting that care will need to be taken that any contracts let by either the Combined Authority or neighbouring LTAs.

6.4.27. It should be noted on issues raised in service consistency, that a franchising scheme itself can only apply within the West Yorkshire Combined Authority boundaries (unless a scheme is developed jointly with other Local Transport Authorities). The service permit scheme would be subject to another consultation, which would help address some of the concerns raised by respondents to this consultation, especially in regard to the process regarded and the need to address concerns on the resource burden of a permitting regime.

6.5. Theme 4: approach to assets

6.5.1. This theme reflects comments made about the Combined Authority's approach to assets as set out in the Assessment and across the supporting fleet and depot strategies. As well as general comments on the approach to assets this section includes the following specific sub-themes:

6.5.2. Fleet strategy:
- Zero Emission Bus specification
- Maintenance
- Procurement
- Vehicle availability
- Leasing agreement

6.5.3. Depot strategy:
- EV Infrastructure
- Availability
- Cost
- Location
- Lotting and Routes
- SMOs
- Learning from Others

Fleet

6.5.4. The public response to the approach to fleet was generally positive, with support given to the move to an all ZEB fleet, citing that it was important to improve air quality and meet net zero objectives. The public highlighted the large initial cost and requested more information on what will happen to the current fleet.

6.5.5. The cost of acquisition has been detailed in the financial case of the assessment, and although does commit the Combined Authority to significant capital investment, this is assessed as being affordable within the overall budget for bus reform. On what will happen to existing fleet, in some instances these may remain in operation in West Yorkshire at the introduction of franchising if acquired through the Residual Value Mechanism or provided by operators into a contract as required.

Zero Emission Bus Specification

6.5.6. A number of incumbent operators voiced concerns over the specification of the ZEBs that would be procured under a Proposed Franchising Scheme. TransDev highlighted several issues around the end-of-life management of ZEBS, the performance of currently available ZEBS, production capacity of the industry, as well as questioning the current economic viability of ZEBs when compared to diesel busses.

6.5.7. Several operators requested that there be consultation with operators during the development of the specification, so that their knowledge can be utilised, with particular regards to the routes that they will be servicing.

6.5.8. CPT also requested that, for smaller operators, there should not be a mixed fleet, which would result in the operator managing multiple different vehicle types in a small contract. Leeds City Council also sought clarity on this.

6.5.9. Whilst Globe and Station Coaches, as well as Ross Travel Group highlighted that, "*The operation of EVs is dependent on the suitability of existing depots though some form of competitive leasing would be of help*."

6.5.10. The CMA raised a concern that in subsequent franchising rounds, the assumption that fleets will be a lesser barrier for SMOs is less likely to hold if ZEBs are not rolled out proportionally across franchise types due to depot technology constraints.

6.5.11. In developing the detail of the fleet specification the Combined Authority will engage expert consultants and key stakeholders. They will also carry out market engagement with existing operators, the wider operator market and manufacturers to ensure that the proposed fleet is fit for purpose and available to purchase within the required timescales. This will include developing a long-term plan for management of the whole life cycle of the ZEB fleet, including end of service and disposal.

6.5.12. Early engagement with manufacturers has been sought and the Combined Authority has used this detail to inform its fleet strategy. Based on this engagement, we are confident that we will be able to procure the required fleet in time for franchising, and would engage in more detailed discussions with manufacturers should a decision be taken to introduce the Proposed Franchising Scheme.

6.5.13. The Combined Authority has developed a depot strategy considering the requirement to ensure a fleet of ZEBs can be operated and maintained by all operators. As part of mobilisation activity, the specification of any new ZEBs, and their operational requirements, will be assessed and incorporated into the further enhancement of that depot strategy during implementation. Any additional infrastructure required to support the procured ZEBs will be rolled out on a timeline that aligns with the roll out of the ZEB fleet. Where the Combined Authority has procured vehicles, including ZEBs, then . leasing or similar arrangements will be put in place to provide those vehicles to operators under franchise agreements, which will take an appropriate form to manage risks with the vehicles on a similar basis to other owners of buses and similar vehicles, but taking into account the other obligations under the franchise agreements to avoid unnecessary additional obligations or cost being imposed on operators. These terms will be developed and market tested as part of the pre-procurement preparation for letting franchise contracts..

Maintenance

6.5.14. There were concerns raised about whether operators will properly maintain buses. Squarepeg highlighted previous issues that they had flagged to the Combined Authority over operators not properly maintaining their fleet, highlighting the MyBus and Accessbus fleets. J&B Travel also highlighted the MyBus scheme and stated that the assumed lifespan of a bus had proven unworkable, with vehicles over 7 years old being considered 'aged' from a maintenance point of view. Connexions pointed out that there will be the need to retrain mechanics to maintain vehicles.

6.5.15. The Peak District National Park Authority said, "*the approach seems sensible, but there may be a case of a need for guarantees from operators as to vehicle maintenance / roadworthiness. There may also be a need for recourse if any bus is not returned in an appropriate condition at the end of the franchise contract.*" As well as "*The question may also arise as to financial risk of older buses, at what point is it unreasonable for the operator to cover maintenance costs if a particular vehicle or group of vehicles becomes effectively operationally unsound / obsolete. As the move is made towards EV's or hydrogen, there should be fewer issues, but newer technology can also throw up unexpected teething troubles. Or there may just be a 'Friday afternoon vehicle'*."

6.5.16. First West Yorkshire queried how the battery replacement has been considered within the cost appraisal.

6.5.17. The move to bus franchising would be a step change in the responsibilities of the Combined Authority and bus operators in how buses are run in the region and therefore the approach to asset management will also be a step-change. As outlined in the Management Case of the Assessment, this will require additional resourcing for asset management in the Combined Authority, and incremental systems development of an expanded asset management system. Firm remedies for breach of requirements will also be included within contracts on a similar basis to that required by other owners such as asset finance companies leasing bus to bus operators to ensure buses are properly maintained by operators during franchise contract terms, and if they are not that the financial risk associated with poor maintenance rests with the operators and not the Combined Authority.

6.5.18. In order to mitigate a particular type of ZEB becoming obsolete, the Combined Authority will remain agile to new approaches as technology advances, ensuring that the most appropriate ZEBs are procured, recognising the feedback received both during market engagement with operators and in response to the consultation on some of the current technology limitations. Should the decision be taken to implement the Proposed Franchising Scheme, the profile for ZEB acquisition will be further developed taking into consideration technology and service factors.

6.5.19. On the specific query from First on battery replacement, paragraph 7.2.3 of the Assessment refers to the lifecycle of a zero-emission bus; a fifteen-year life was adopted (the lower end of the range given in 7.2.3) with battery replacement at the mid-life point. An allowance for the cost of mid-life battery replacement is included within the contracted operating costs (as described in Operator operating costs – see Section 3 of Financial Case and Data Model Databook), along with the other adjustments to account for the transition from diesel to electric vehicles.

Procurement

6.5.20. Several consultees raised points that operators have long standing relationships with manufacturers and therefore have been able to leverage their size to reduce costs when procuring vehicles. However, support for the Combined Authority procuring and owning the fleet was given, with consultees noting that the size of the required fleet would allow the Combined Authority to leverage its size to drive economies of scale. SYMCA suggested that a combined procurement approach between the two combined authorities could be progressed, allowing for efficiencies through economies of scale.

6.5.21. Generally, support was given to the Combined Authority's long term procurement approach, with consultees saying that it would mitigate the risk of large changes taking place in one go. The CMA stated that, "*WYCA's intention to purchase the bus fleet and lease these to franchised operators should help operators compete on a level playing field*" but cautioned that the approach could favour incumbents. Better Buses for West Yorkshire also agreed that a Combined Authority owned fleet was a positive step, but advised, "*operators may use complicated financial mechanisms to move ownership of vehicles around or extract higher values than the authority should have to pay,"* suggesting the Combined Authority learn lessons from other authorities that have gone through the same process.

6.5.22. Consultees voices concern that the Combined Authority has assumed ZEBRA funding will be in place for the full procurement of the ZEB fleets, which cannot be guaranteed.

6.5.23. First West Yorkshire voiced concern that investment in ZEBs could diminish the Combined Authority's ability to invest in bus priority as well as uncertainty over whether the financial arrangements could have any impact on operators, on the last point stating: "*Public sector borrowing assumes reduced borrowing costs. It is unclear how, or if, this impacts operators. For example, the recent First Bus EV battery agreement would deter First Bus from such plans, were there a need for operator involvement*". They requested further details for how the Combined Authority will procure ZEBs in relation to the lots. J&B highlighted that they believe that procurement of ZEBs will be an increased expense when operators are already running Euro VI compliant vehicles.

6.5.24. We understand that the introduction of a franchising scheme would present risks and challenges such as procuring fleet whilst ensuring good value for money. The approach in the fleet strategy outlines that there are a number of different approaches that the Combined Authority can take to acquire fleet, and that the choice of acquisition model will be selected on the basis of whichever option is the most efficient, taking into account WYCA's financial and risk appetite at that point in time, as well as market dynamics (pricing, finance costs, availability). This has also been informed by market engagement with manufacturers, and the experience of the Combined Authority in supporting the ZEBRA scheme with operators, both of which have also informed costings. As outlined in the management case, further mitigation of the risk should a decision be taken to introduce the proposed franchising scheme would also include be early recruitment planning to ensure the Combined Authority has the relevant experienced resource to undertake the procurement of fleet. A procurement strategy will be developed, and expert procurement advice will be taken into consideration to ensure that any novel approaches available in the market that could provide additional value for money are taken into account, and the Combined Authority are working with other partners going through similar bus reform programmes are collaborating to learn lessons. The approach to how ZEBs they will be apportioned within the lots would be developed in detail should a decision be taken to introduce the Proposed Franchising Scheme, in particular in connection to the allocation of routes to depots in line with the Lotting Strategy.

6.5.25. With regards to ZEBRA funding, as is recognised in the Assessment, the current bus fleet is required to be upgraded to ZEBs regardless of reform options, in order to meet the Net Zero commitment, and therefore the cost associated would need to be met under all options. As also outlined in the Financial Case section 7.3, the Combined Authority does not believe the assumption that ZEBRA funding will continue until the point that the cost of vehicles (diesel and ZEV) normalise is unreasonable, on the basis that ZEBRA funding has been available historically to support Government's policy commitments to meet Net Zero, it is therefore the Combined Authority's view that it is reasonable to assume these will continue. In the event that ZEBRA funding did end, this would be likely to apply whichever option was progressed and therefore would result in either operators or the Authority needing to reconsider the approach to ZEV (for example, increasing financial capacity for a higher financing requirement, or to reprofile acquisition profiles). This point is also made in Appendix 5 which also responds to points raised by First West Yorkshire on the fleet assumed under franchising.

6.5.26. The cost of investing in ZEBs is incurred and funded by operational revenue, by operators under the EP+ and the Combined Authority under Franchising. This does not impact on the level of additional capital expenditure for bus priority as capital projects such as this are not covered in the costs for introducing the Proposed Franchising Scheme. More detail on how future bus priority measures are treated is included in the discussion of the Strategic Case of this report.

6.5.27. In response to the point raised by First West Yorkshire on lower public sector borrowing costs, it is not anticipated that this would have any impact on operators. Combined Authority intervention in fleet may impact existing commercial arrangements with operators, however we'd expect that in their normal course of business, operators will consider the level of flexibility that is appropriate in different contracts to amend or end those contracts so that they can respond should operational requirements change and result in them no longer needing those commercial arrangements. If specific operators have chosen to enter into commercial arrangements that do not respond in this way, then they will have the opportunity to flag this with the Combined Authority during market engagement, so that the Combined Authority can consider whether changes to its contractual and procurement model may be appropriate to avoid such impacts.

6.5.28. Paragraph 7.2.3 of the Assessment refers to the lifecycle of a zero-emission bus; a fifteen-year life was adopted (the lower end of the range given in 7.2.3) with battery replacement at the mid-life point. As also covered at 6.5.19, an allowance for the cost of mid-life battery replacement is included within the contracted operating costs (as described in Operator operating costs – see Section 3 of Financial Case and Data Model Databook), along with the other adjustments to account for the transition from diesel to electric vehicles.

<u>Vehicle Availability – timetable and fleet numbers</u>

6.5.29. There were concerns raised over the Assessment's calculation of the fleet required to operate the franchised system, with both First West Yorkshire and CPT suggesting that, on day one of franchise operation, there will be a significant gap between the number of buses available and the number of buses required to properly operate the network. CPT cited that there are currently 1,755 busses in the region and First cited their Oxera report that concluded that the network requires 1,250 busses to operate.

6.5.30. TLC made a slightly different comment, saying that they were, "*Concerned that there will be insufficient buses to enable any network improvements in the short term*".

6.5.31. Arriva made a point about fleet resilience, saying that "*currently large operators can pull on group wide fleet resource in the event of vehicle unavailability, however this may not be possible if a specified vehicle requirement were in place.*" As well as requesting further clarity on the options being assessed and which option is being progressed for fleet strategy.

6.5.32. Leeds City Council requested clarification on the timetable for ZEB adoption, noting that their ambition of a fully ZEB fleet by 2030 does not align with the Assessment, which suggests it will be achieved by 2040. Similarly, Bradford Metropolitan District Council said it was targeting a swift deployment of ZEBs and associated infrastructure. Bus Users UK noted concerns over current difficulties in sourcing new vehicles, which could pose challenges.

6.5.33. In response to the comments on fleet numbers, further explanation of the approach taken by the Assessment is included in Appendix 5 which confirms and explains the validity of the Combined Authority's analysis in the Commercial Case.

6.5.34. The Combined Authority has set the intention of moving to an all-ZEB fleet in response to the climate crisis, and as outlined in the Strategic Case the timeframe assumed is the same for all reform options, in line with the Combined Authority's ambitions under the BSIP. The actual model for acquisition under the Proposed Franchising Scheme will be developed in detail, should the decision to move to franchising be taken. If a business case was made for accelerated adoption, and this could be funded, it would be possible to progress this rollout faster under all options. As outlined in the previous section on ZEBRA grant funding, this assumption is applied to all reform options, and it is recognised that this could also impact on the proposed approach, including where this could be achieved in the future without similar subsidy support if ZEBs became cheaper. This would apply equally to either the Combined Authority purchasing fleet under the proposed franchising scheme or operators purchasing buses under EP+. A finalised acquisition approach would be developed if a Proposed Franchising Scheme was introduced, and this would be required before a decision can be made on how ZEBs are allocated throughout the franchises.

<u>Leasing Agreement</u>

6.5.35. Stagecoach's response noted that, "*we would require a greater understanding of the contractual arrangements for any proposed lease agreement. If WYCA owns the bus fleet, a detailed framework will be required covering all aspects of the fleet ownership and usage, including maintenance, warranty issues and insurance and fundamentally what 'in good condition' (page 78) contractually means*."

6.5.36. The proposal to include a residual value mechanism within the contracts was generally supported by consultees and suggested that it would encourage bidders as it would reduce their financial risk. It was pointed out that the mechanism would need to be robust and strong.

6.5.37. Support for the suggested approach was given by Calderdale Council, who said that it would ensure that ZEBs would stay within West Yorkshire and that standardised fleet would reduce costs over time.

6.5.38. First West Yorkshire queried how vehicle write-offs would be handled.

6.5.39. The Combined Authority agree with Stagecoach that where the Combined Authority own the bus fleet, it will be necessary to put in place detailed arrangements that cover all aspects of fleet ownership and usage, including matters such as maintenance, warranty issues, insurance and condition, to ensure that the fleet is used appropriately and the value of the fleet maintained. Whilst these matters will require detailed drafting, they are common issues to be considered in the maintenance of any leased or similar fleet, and will also need to align with the requirements of the franchise agreements, to ensure that there is consistency in how the vehicles are provided to the operator, and the standards which they are required to be maintained and operated to. There will also be benefit, where appropriate, in aligning this with the terms of supply of vehicles from manufacturers to effectively manage risk. The Combined Authority will therefore consider this as part of the wider development of detailed contract documents in the next stage of the programme should a decision be taken to introduce the proposed franchising scheme, to ensure any lease terms or similar are aligned with the franchise agreements, including engaging with operators and other stakeholders to ensure that the proposed approach is robust and will provide value for money as part of the wider procurement programme.

6.5.40. The Combined Authority would be engaging with legal and commercial services to propose a robust residual value mechanism. This would be subject to a detailed business case to appraise the most appropriate mechanism, including through consultation with existing and new operators, following any decision to make the Proposed Franchising Scheme. The development of this will inform the process for handover of fleet assets between operators, which has yet to be decided.

6.5.41. Regarding vehicles write-offs, we assume that First's comments relates to the write-off of vehicles that are ending their useful economic life. If this is the case, under the scenario where Operators are providing fleet that require demobilisation, there are many ways that this would be dealt with in the design, and process of negotiation for Franchise contracts, and the options for Operators would not be different to current options for excess fleet (second-hand market). As ZEBs will be procured and rolled out over time, and operators will likely have similar numbers at the end of their operational life at each roll out, they will be able to include these vehicles in the write-off. If this is instead a reference to write-off of vehicles where they are damaged, for example in road traffic accidents, then First are correct that the contractual mechanisms will need to take account of this, including who takes responsibility for provision of spare vehicles and associated matters such as insurance and provision of temporary fleet. The Combined Authority would expect to include relevant provisions dealing with these matters in draft franchise agreements, and would include this in the market testing exercise to allow potential bidders to help identify the best value options to manage this risk prior to commencement of procurement., and also identify whether any specific approaches to management of this risk would be of concern to bidders.

<u>Conclusion on fleet</u>

6.5.42. The Combined Authority is committed to responding to the Climate Emergency and Net Zero commitments and is implementing zero emission buses (ZEBs) as part of its response. This is noted with reference to our Climate and Environment Plan in the Strategic Case of the Assessment and is already part of the Bus Service Improvement Plan. Whilst it is recognised that ZEB technology is has limitations, and that there remain technology risks, it is assumed that this will improve over time as ZEBs are more widely adopted, and mitigations will be made including through market engagement with manufacturers, adapting the acquisition model to achieve best value and to enable changes over time, and having alternative options such as continuing to operate diesel buses for a time to allow technology to be advanced on difficult routes.

6.5.43. Bus specification would be developed alongside experts and a supporting depot strategy to ensure that the Combined Authority can meet it's zero emission bus target, whilst satisfying operators on issues such as infrastructure.

6.5.44. The Combined Authority would put in place new asset management systems to allow better oversight of maintenance issues and would adopt an agile approach as technology advances. This would ensure that ZEBs are properly maintained efficiently and effectively.

6.5.45. Regarding procurement, options have been set out by the Combined Authority in the fleet strategy, based on engagement with the market from which a detailed procurement strategy would be developed, supported by expert advice and early prioritised resourcing, that would also consider any novel approaches available in the market that could provide additional value for money are taken into account. This is alongside working with local authority and operator partners to understand lessons learnt regarding investment in ZEBs alongside adapting to a new governance mechanism. The Combined Authority recognise that ZEBRA funding was raised by a number of incumbent operators. All options within the Assessment have been treated equally in this regard and believes it is sensible to assume subsidy will continue until a time of cost parity. As highlighted in the Assessment's Financial Case at 7.3.17, If there was no further convergence in prices, and no government funding (such as ZEBRA), the Combined Authority would need to make a choice between achieving the objective of a 100% ZEB fleet, and using its budget to maximise services, with the possibility available also to acquire diesel buses as an interim measure for a period. This would be the same choices faced by operators under and Enhanced Partnership model. In addition, spending on ZEBs will not impact investment on bus priority as capital projects and associated costs are not taken into account within the Proposed Franchising Scheme.

6.5.46. Vehicle availability was an issue raised by some respondents. It is recognised that in the first instance some vehicles would need to be provided by franchisees for the first contracts, as acquisition of a Combined Authority fleet is proposed to be phased over time. In the Fleet Strategy it is outlined that fleet can be acquired through Combined Authority purchase, lease, through the Residual Value Mechanism or through operators providing vehicles, which is considered to offer sufficient flexibilities to meet the needs of contracts, noting comments of operators currently drawing on wider fleet pools.

6.5.47. The Combined Authority would reiterate that the model of acquisition would be developed in detail following a decision but that based on market engagement with manufacturers it is not considered to be a barrier in terms of new vehicle acquisitions.

6.5.48. In regard to leasing agreements and residual value mechanisms, the Combined Authority can confirm that this will be developed in detail following the Mayoral decision on bus reform and would be worked into the full business case should the Proposed Franchising Scheme be taken forward. The residual value mechanism would also create a viable route to accessing vehicles for early rounds of contracts and has received positive comments in the consultation.

The Combined Authority recognise that introducing the Proposed Franchising Scheme would mean the Combined Authority taking on a significant new role in fleet for the region's bus network, and that in designing the final acquisition models and management mechanisms it will take on board the feedback received during this consultation and continue engagement with both manufacturers and operators to ensure an effective implementation.

Depot strategy

6.5.49. The approach to depots for franchising was set out in the Commercial case. Further information was shared within the depot position paper in Appendix 3.3 of the consultation document. This sets out the current position of the Combined Authority on bus depots, including how the Combined Authority assessed the identified strategic depots in West Yorkshire, and how they were valued by external property consultants.

6.5.50. There were responses from several councils, including those outside West Yorkshire, who expressed a desire to be involved during the mobilisation period. It is the intention of the Combined Authority to include councils for discussions around the mobilisation period, particularly involving depot locations, cross-boundary services and fleet requirements.

EV infrastructure

6.5.51. The main response to this theme was about the impact of electric vehicle charging and zero emission bus infrastructure on SMOs. Many SMOs lease their depots, and this restricts their ability to "*install high voltage charging equipment due to fire risk*". Connexions mentioned that SMO depots "*can't support electric vehicles*".

6.5.52. CMA, Stagecoach and TLC questioned the operator cost for installing zero emission infrastructure within depots owned by SMOs as this has not been set out in the consultation document. CMA further stated "*This may impact how Zero Emission Buses (ZEB) can be rolled out across lot B and C franchises if the depots lack the technology to facilitate such buses".*

6.5.53. Finally, Ross Travel Group raised that the "*operation of EVs is dependent on the suitability of existing depots".*

6.5.54. In response to the comments particularly from SMO operators and supporting Zero Emission vehicles, it is important to emphasise that the transition to ZEBs is one that is assumed across all reform options and the reference case, and therefore there will be a need to find solutions to manage this across all options, if SMOs are to transition to Zero Emission vehicles. The current Zero Emissions Bus Regional Area (ZEBRA) funding, that has been accessed by the main three operators in West Yorkshire; Arriva; First; and Transdev,, is one possible part of the solution, as this can be used to add EV infrastructure to depots. It is assumed across all reform options that access to ZEBRA funding continues to be available. Whilst it is not proposed under the Proposed Franchising Scheme for the Combined Authority to take ownership of small depots, this funding could still be supported to access depot infrastructure, but would need to be matched by investment from the depot owner.

6.5.55. The point raised by Connexions appears to be that their leased depots cannot currently support battery electric vehicles, presumably because this is not acceptable to the landlord. If this is a common issue for SMOs, rather than a specific issue for Connexions and their landlord, then this will need to be addressed if ZEBs are to be rolled out across all West Yorkshire services under any of the options, as is considered in the objectives set out in the Strategic Case. Introduction of franchising potentially offers the opportunity to explore solutions regarding provision of infrastructure and vehicles to operators in a way which is less likely to distort competition than where this was provided in the current deregulated market. The staged process of letting and reletting franchise agreements will also allow the Combined Authority to consider when is the best time to seek to roll out ZEBs on Lot B and C contracts, so that this can take into account the extent to which some of these risks become more manageable as technology and its use matures.

6.5.56. Noting that point on leased depots, in response to points raised about operator cost and the impacts on the SMOs, if the decision is taken to proceed with franchising this will form part of the conversations with operators around contract design so the Combined Authority can fully understand the implications to work towards a solution. It is expected that the cost implications of depot upgrades required for depots not provided by the Combined Authority to be met by the owner of that depot (with or without subsidy support), and that some of those costs therefore may be reflected in the price of tender returns. However if depots are currently leased from a landlord then it may be that those costs would not be accepted, and in which case the previous discussion on franchising providing ways to explore solutions could be looked at.

6.5.57. In terms of the strategic depots proposed under the Depot Strategy to be acquired by the Combined Authority, investment in infrastructure for zero emission buses is factored into the capital costs of depots, with an assumed cost of £16,250 per ZEB (see section 7.3.17 of the financial case).

6.5.58. In addition, the Combined Authority will be working with Northern Powergrid to identify the electric capacity of every strategic depot, and to determine the costs to upgrade the capacity where required. Again, this capacity is something that will be required under all reform options. The Combined Authority are also exploring other ZEB technologies that would not require electricity to run.

<u>Availability and mobilisation</u>

6.5.59. Availability and time to acquire depots saw a substantial response within the consultation. The main concerns were around the time it will take to acquire depots, and whether the operators would be willing to sell the depots. It was therefore suggested that engagement with operators as soon as possible is key.

6.5.60. The operators also raised that depot access needs to be made available from day 1 to prevent any mobilisation delays. However, the CMA saw it as positive that the Combined Authority was providing depots as this is seen as barrier to entry and expansion for "*new entrants into the market without being hampered by the high fixed costs of purchasing infrastructure".*

6.5.61. Finally, operators raised concerns about the potential cost increases if depot owners decided to sell their land to the highest bidder, which may be for land development and be at a higher amount than the Combined Authority valuations state.

6.5.62. First West Yorkshire raised specific concerns relating to large operators' refusal to sell their depots. In addition, they raise concerns that time to purchase depots is not explained in detail.

6.5.63. The Combined Authority recognise that the acquisition of depots, or suitable land to build depots, will be a priority if the decision is made to proceed with the Proposed Franchising Scheme. All prospective depots and land will be valued independently and discussions with the landowner will take place from there. It is proposed that the Combined Authority would be using public borrowing to fund the purchase the depots and will need to justify any expenditure. It is known that some of the current depot sites may be attractive to developers who could be able to spend over and above the red book valuations. This may result in current depot sites being unavailable for purchase by the Combined Authority. Therefore, alternative sites are a requirement for each lotting area that can be purchased for the Combined Authority to build a strategic depot. The Combined Authority could also look at Compulsory Purchase Orders where necessary. Approach 1.2 in the Depot Position Paper describes a possible approach that involves the Combined Authority acquiring a suitable site and developing a new depot as an alternative to acquiring/leasing existing depots from operators should an operator be unwilling to sell a depot.

6.5.64. The transition period to the Proposed Franchising Scheme that has been specified allows sufficient time to engage early in the process with incumbent operators and, if required, time to go to the open market. In addition, the Combined Authority would work with the relevant planning authority where planning permission is required, and with experienced and accredited architects and contractors to minimise any delays. The Combined Authority also acknowledges that there may be refurbishment works and/or upgrades to each depot in line with the future requirement for zero-emission buses, which may result in a higher cost than anticipated, however the expected costs for these refurbishment works for future ZEBs are included within the budget identified for depot acquisition in the financial case.

<u>Cost</u>

6.5.65. Several points were raised in relation to the high cost of purchasing depots, and that these costs may be below what the actual cost will be when considering any refurbishment and improvements to the infrastructure for zero emission buses.

6.5.66. First West Yorkshire also raised that the contract costs may be higher if the category B and C lots cannot be operated from the category A depots, as they currently can be. They also raised concerns regarding the optimum contract size noted in their pre-market engagement response. Their response notes that the average PVR across the planned ten zones is 90. They state this negates the pre-market engagement and query whether the costs of an additional depot and EV infrastructure is captured.

6.5.67. Finally, J&B Travel also raised that there was a cost that had been missed from the evaluation as there would need to be a new traffic control centre.

6.5.68. In response the Combined Authority can highlight that the cost estimates were provided by external experts, and that additional costs have been considered in terms of fit out for zero emission buses. It is recognised however that at this stage those costings are only estimates, and that if a decision is made to implement the Proposed Franchising Scheme these could change during acquisition. The Financial Case of the assessment has included sensitivities on depot costs in recognition of this point.

6.5.69. In response to the specific comment from First about operating category B and C lots from category A depots,– Section 5.5.6 of the Commercial Case sets out that this could be considered on a case by case basis, but has been included in recognition that this could give an unfair advantage in bidding for lot B and C contracts if strategic depots can be utilised. Although as referenced in 6.3 the final allocation of routes to depots would take place after a decision to implement the Proposed Franchising Scheme, the initial approach has been to consider services against the existing depot from which they operate, which has included for example suggesting including schools services in the Lot A contracts for Bradford and Keighley. this is helpful feedback to support the Authorities decision making, should Franchising be pursued.

6.5.70. The Depot Strategy sets out options in relation to accessing Depots, which may include acquisition from Operators. The Authority has a range of options at its disposal, including acquisition from Operators, leasing from Operators, acquiring sites at open market and developing new depots, developed on existing public sector land. In line with wider Government policy on asset / land acquisition, the Authority could not acquire beyond Red Book Value in any case.

6.5.71. It should be noted that the depot costings (acquisition and fit out) have been developed based upon a range of external advice, including valuation by external property consultants and technical transport consultants - as well as precedent Authority acquisitions from across England.

6.5.72. In response to the comment by J&B Travel, the Combined Authority has factored an urban traffic management centre and staffing into the business case for both franchising and EP+, with the Management Case incremental resourcing sections (Tables 3 and 4) setting out what those requirements are. The assumption is that this will be neutral between the two options as they assume the same requirements.

Location

6.5.73. The responses about location included concerns about the location of the proposed third depot in Leeds and where depots would be located that ensure efficiency and minimise dead mileage for buses.

6.5.74. CPT also raised that there are not many possible locations within West Yorkshire to build a depot and that there has been "*hostile opposition from nearby neighbours"* where operators have previously wanted to build depots.

6.5.75. There were points raised about services that run from depots located outside West Yorkshire, and conversely about depots that operated cross-boundary services with neighbouring areas, mirroring comments made in section 6.4 about broader issues of cross-boundary services.

6.5.76. Finally, there were points raised about potential issues when swapping depots between operators and the implications to staff and rotas as it may not be straightforward to TUPE them when the current staff and routes served by each depot may not be the same after franchising.

6.5.77. The Combined Authority acknowledges that it will need to engage with incumbent operators on this issue if the decision is made to proceed with the Proposed Franchising Scheme to look to mitigate the impact of introduction of franchising on staff operating these services, although noting that the intended approach to allocation of services in line with current operations will help mitigate this issue in many cases.

6.5.78. There is no intention for the Combined Authority to acquire any depots outside of West Yorkshire. Any services within West Yorkshire that are not excluded from franchising or subject to the service permit regime would form part of the lotting strategy and would be available as part of the tendering process. Those routes that are part of the lot A routes would need to be run from the strategic depot that is supplied by the Combined Authority.

6.5.79. It is recognised that splitting the Leeds zone into three lots will require sufficient strategic depot capacity. The cost to purchase land for and build a third depot in Leeds has been factored into the costing of the depot strategy, and it is recognised that the optimal solution in respect of depot sites will require consideration of the most efficient location to minimise dead mileage. In provision of services from those depots The Combined Authority would use up to date land availability information to determine available sites for building a third depot in Leeds. and would work closely with Leeds City Council once a preferred site has been identified. Early engagement would also take place with incumbent operators around possible TUPE implications of staff connected to those services. It is however also recognised, as pointed out by some consultees, that even where a strategic depot is currently located in West Yorkshire, that it may be that the Combined Authority would not be able to acquire this from the current owner, and so therefore alternative site provision could be required for all depots. This consideration has informed the length of the transition timetable, and if necessary the Combined Authority could revise the order of contracting under the lotting strategy to enable longer transition where a new depot was being provided, by letting such franchise later.

6.5.80. The intention is that the Combined Authority would set their own standards for each depot that they own, and so there may be some refurbishment required. Any requirements for the maintenance of Combined Authority owned depots by both parties will be set out in the contract with the winning bidder, and all transitional arrangements will be made to minimise disruption. Will be set out in the contract with the winning bidder, and all transitional arrangements will be made to minimise disruption.

Lotting and routes

6.5.81. There were four responses that raised different points around lotting and routes. Stagecoach responded that it was not clear how the core network coverage will be increased through franchising. They pointed out that this *"needs to be delivered through changes in timetables and efficiencies in allocating routes to depots".* Stagecoach also responded that the Hunslet depot should not be split (two of the proposed Leeds lots are currently run from the Hunslet depot) and that school services should be included in Lot A and therefore be operated from the strategic depots provided by the Combined Authority.

6.5.82. First West Yorkshire disagreed with splitting the Leeds lotting area into three and raised that 3 depots are likely required from day 1 if the incumbent is not successful. This point is also discussed within comments raised in the Proposed Franchising Scheme chapter.

6.5.83. The potential for disruption from splitting Leeds across three rounds was considered in developing the proposed lotting order and strategy, however it was concluded that the advantages of the approach set out outweighed this. These include better balancing PVR and present commercial performance, and allowing additional time for the zone which largely relates to the present Hunslet depot and is shown as being split across two zones. Further discussion of this comment is included in section 3.3 in the Proposed Franchising Scheme chapter .

6.5.84. In terms of school services and Lot A depots this is discussed in section 3.4. The approach to lotting considered adding school services to Lot A contracts where that aligns with existing practice, for example in Bradford and Keighley. However, as discussed in the strategy, it is not proposed to link all school services to Lot A depots, as this would not align with current approaches, and would undermine some of the opportunities that could be achieved particularly for SMO operators to potentially grow their market share. The Combined Authority would look to keep this under review as part of implementation of a franchising scheme, as set out in the lotting strategy, to ensure that the approach achieves the balance of outcomes considered in the lotting strategy, e.g. that it does not exclude smaller operators and allows for those opportunities to be maintained, but continues efficiencies that exist for provision from larger depots where appropriate and there is capacity

6.5.85. There is also no intention for the Combined Authority to amend the network or the level and number of services there currently are. Any changes to the existing network would take place after the full mobilisation of all three lots and in consultation with key stakeholders including bus users.

SMOs

6.5.86. There were several responses from incumbent SMOs that indicated potential implications for the depot strategy on SMOs.

6.5.87. The responses were mainly around ensuring that the SMOs were not financially disadvantaged through the Proposed Franchising Scheme. This could be through the loss of use of their depots, where they were not successful in winning a lot B or lot C contract as the depots or land they were on would be unlikely to be purchased. However, J&B Travel suggested that many of the SMOs do not own their depots, but instead rent them.

6.5.88. CMA suggested several operators could share a strategic depot to run lot B and lot C contracts as this could encourage more operators to bid. However, they also stated they understand *"the exclusion of the strategically owned depots for lot B and C contracts is intended to make it easier for depot owning SMOs currently operating in WY to compete against larger operators for these contracts".* This could result in the exclusion of bidders for lot B and lot C contracts due to the absence of a depot in West Yorkshire.

6.5.89. The Combined Authority response notes it is the intention of the Combined Authority to provide the depots for any operator who is successful in winning a Lot A contract. These strategic depots are provided because they have to be large enough to contain the minimum number of buses required to deliver the routes that are part of Lot A, and otherwise it would be difficult for any other operator to source and build a depot to be able to bid on the tender. This therefore overcomes a barrier to entry for operators and lots to increase competition within the market. Lot B and C contracts were judged to not face the same levels of barriers to entry as a result of depot provision, recognising the smaller site requirements for these depots and the more agile approach particularly of small operators currently to access sites for running tendered services. Consultation responses suggesting that many SMOs rent their sites also supports this view, with a lesser risk of stranded assets.

6.5.90. As set out in section 5.5.6, if necessary to ensure that SMOs are not restricted or excluded from the market, the Combined Authority may choose to require that Lot B and Lot C contracts cannot be operated from a Lot A depot. This would mean that while larger operators could bid for these smaller lots, they would not be allowed to use a large depot provided by the Combined Authority as this would give them an advantage in tendering. It could also cause performance issues if they were to lose the large franchise, depot access and therefore ability to continue to provide services. The Combined Authority will determine if such restrictions are required on a case-by-case basis, but the approach would allow smaller operators to bid on a level playing field basis with larger operators.

6.5.91. SMOs should not be disadvantaged as part of franchising, nor should the absence of a depot prevent them for bidding for the lot B and lot C contracts as many SMOs lease their premises demonstrating an availability of depots to the SMO market. More detail on the impact on SMOs is included within the following theme which considers further responses.

6.5.92. It should also be noted that in market engagement undertaken to inform the Assessment, operators stated that they would not support the sharing of depots.

Learning from others

6.5.93. The only response within this sub-theme was from the Peak District National Park Authority, who expressed that *"it might be useful to gain feedback from TfGM as to how this approach has worked under their franchising programme."*

6.5.94. The response from the Combined Authority is that they have been in contact with GMCA to understand how they approached their franchising programme and understand lessons learned on the implementation of their depot strategy in acquiring strategic depots.

Conclusion on depots

6.5.95. The Combined Authority note the comments received in relation to depot strategy recognising the variety of issues raised in response to the consultation.

6.5.96. The Combined Authority recognise the scale of change that a fully zero emission fleet would cause in relation to depots and realise that early engagement is required with experts regardless of the decision. The Combined Authority remain committed to transitioning to a zero emission fleet, with this objective consistent throughout both of the bus reform options. Whilst there may be difficulties regarding particular depot sites, this is a longstanding objective set out in our BSIP and would occur irrespective of the decision taken on bus reform. We would look to seek expert advice on how best to transition depots and engage with operators on how to pursue this regarding Lot B and C depots, as depot owners would be required to undertake this investment.

6.5.97. The Combined Authority recognise that availability and mobilisation concerning depots is a key factor should the Proposed Franchising Scheme be taken forward. The Combined Authority maintain that the transition period to the Proposed Franchising Scheme allows sufficient time to engage early in the process with incumbent operators, and go to the open market, if required.

6.5.98. Consideration on responses regarding cost have been explored, noting that a range of external advice has been undertaken to understand the implications regarding depots. This has included independent valuations and technical transport consultants as well as learning from other authorities who have acquired depots across England. The risk of these valuations being low has been tested through sensitivity testing in the Financial Case.

6.5.99. Location of depots has also been explored through this response noting that land availability for a third Leeds depot was raised as a concern by a number of respondents. Should decision be taken to introduce the Proposed Franchising Scheme, the Combined Authority will build upon work done for the assessment to evaluate the options for a third depot in Leeds as an immediate priority, ensuring sufficient time before the last Leeds lot commences operations in October 2028.

6.5.100. Questions and responses on lotting and routes were received by a few respondents. The Combined Authority notes that the interaction of lots is set out in the Lotting Strategy. Should the Proposed Franchising Scheme be progressed, the specific issue on requiring an additional depot in Leeds will be considered, as outlined in the paragraph above. Specific concerns on disruption in splitting Leeds has been considered in developing the lotting order, and the Combined Authority remain confident that the advantages of this approach outweigh the risk. Engagement on the issue of TUPE based on existing services will also be considered early as part of implementation, recognising some of this information will not be available significantly in advance of mobilisation.

6.5.101. Some responses highlighted the specific risks to SMOs regarding depots. As set out in section 6.6 and above, SMOs should not be disadvantaged as part of franchising, and the approach to depots for smaller lots includes provisions to not allow these to be run from Lot A strategic depots. More detail on the impact on SMOs is included within the following theme which considers further responses.

6.5.102. The Combined Authority maintain that their approach in the Commercial Case is fully ratified and conducted in an appropriate manner for the stage of development regarding the Proposed Franchising Scheme. As is outlined in the conclusions of the Assessment, depot acquisition is considered a key risk of successful implementation of a Proposed Franchising Scheme, and will need to be managed effectively. The Combined Authority's approach to risk management is set out in section 8.5. Further learning from other authorities will also continue be sought throughout any process to introduce the Proposed Franchising Scheme.

The Combined Authority's response

6.5.103. The Combined Authority has considered the comments and queries raised regarding the fleet and depot strategies and has set out how it would approach any issues and challenges that are posed by bus reform.

6.5.104. The *"intention"* to purchase vehicles and depots from Operators is an option available to the Authority and is an integral part of both the Depot and Fleet Strategy.

6.5.105. The Fleet Strategy set out the Authority's intention of procuring a zero-emission bus fleet and the associated financial considerations and assumptions. The final model for procurement and leasing will be assessed in detail in the business case.

6.5.106. The Depot Strategy sets out the Authority's ambition to access a strategically located depot for each lot A area, which could be implemented through a range of different options (one of which is acquisition of existing depots). Given that the Assessment is based upon assumed costs, proportionate to the stage of development and for the purposes of comparing regulatory options, detailed analysis and final costs would be appraised in detail in a business case. This business case would appraise the most appropriate mechanism, including through consultation with existing and new operators, following any decision to pursue Franchising.

6.5.107. We recognise that any decision to implement the Proposed Franchising Scheme is a step change in the bus market and should this decision be made, there are additional considerations to work through. This includes securing EV infrastructure to ensure that ZEBs can be properly supported throughout West Yorkshire. However this is also a requirement that is common to all reform options, and will need to be delivered in any case.

6.5.108. The need for depots to be accessed immediately, discussed under availability shows the Combined Authority have properly considered these options in the Commercial Case, noting additional work will be required on some of the detail.

6.5.109. The Combined Authority sought expert advice in regard to the cost of depots and this is presented within the Commercial Case. The Combined Authority maintains their confidence in these figures, whilst recognising costs may change and has run sensitivities to test the impact of these.

6.5.110. The Combined Authority have noted the concerns regarding location of depots and land availability. These issues will be addressed following any decision to pursue the Proposed Franchising Scheme including in finalising the allocation of routes to depots.

6.5.111. The Combined Authority recognise the importance of the participation of operators of all sizes within a successful bus market and does not want to cause disadvantage. The lotting and depot strategy look to support competition in the market through reducing barriers and creating opportunities for operators to compete in the market. The next section discusses risks and additional considerations specifically regarding the impact on SMOs.

6.5.112. The public consultation responses were generally in agreement of the approach to fleet and depots, however they noted the initial large cost and wanted more information on what would happen to the current fleet. The cost of acquisition has been detailed in the financial case of the assessment, and although does commit the Combined Authority to significant capital investment, this is assessed as being affordable within the overall budget for bus. On what will happen to existing fleet, in some instances these may remain in operation in West Yorkshire at the introduction of franchising if acquired through the Residual Value Mechanism or provided by operators into a contract as required. Alternatively, the options for Operators on redeploying or disposing of current vehicles would not be different to current options for excess fleet (second-hand market).

6.5.113. The Combined Authority recognise that further detail will be required in developing the implementation approach to realising the fleet and depot strategies set out in the Assessment should a decision be made to introduce the Proposed Franchising Scheme. The fleet and depot strategy included within the Assessment were developed to a level of detail commensurate with the stage of an outline business case and will be refined and developed in the next stage of delivery. Many of the comments and queries received would be helpful for the Combined Authority in carrying this out this next stage should a decision be taken to introduce the Proposed Franchising Scheme.

6.6. Theme 5: Consideration of the impact on small and medium sized operators

6.6.1. This theme looks at the specific issues raised around small and medium sized operators (SMOs) including concerns for business and potential opportunities for the SMO market. As well as more general comments, summarised below, this theme covers risks to SMOs and additional considerations raised by respondents.

6.6.2. General comments on the impact on SMOs included the importance of smaller operators within the market which give the current EP diversity. It was noted that if the Proposed Franchising Scheme was pursued, it would be important to fully ensure appropriate market opportunities for SMOs and community transport. Calderdale noted the positives of involving SMOs in the process and the increased competition and lower costs this could bring, whilst Leeds City Council asked for clarification on the prospects for SMOs.

6.6.3. Several respondents noted that the Proposed Franchising Scheme presents flexibility to operators and would be beneficial to competition, particularly for new operators or SMOs. It was noted that SMO participation helps to moderate competition through the bidding process. In addition, several responses noted that opportunities for SMOs were included in the lotting strategy which is discussed elsewhere in this section.

6.6.4. Other responses, including from TLC and J&B Travel, noted that it is a fair assumption that smaller operators would be more likely impacted by the Proposed Franchising Scheme as larger groups may lose some revenue and assets, but the effect on SMOs would be the complete exit from the market and loss of business without compensation.

6.6.5. Further to this there were several requests for further clarity on the impacts on SMOs to better understand how they may be impacted.

6.6.6. The public response showed some support for the proposed approach but acknowledged the importance of SMOs and a need to encourage SMOs and local operators in the letting of contracts.

Risks to SMOs

6.6.7. Several risks were identified through the responses to the consultation that were felt to particularly affect SMOs. This have been categorised and discussed under the following headings:

- Operator community
- Barriers for bidding
- Current SMO context

<u>Operator community</u>

6.6.8. One of the frequently mentioned comments was regarding the significant impact on the operator community. The example of Manchester was cited on several responses, showing the near complete exit of SMOs in the market in the procurements carried out so far, with CPT responding "*In March 2019 there were 41 SME operators active in the Greater Manchester commercial and supported bus market, accounting for around 7% of all mileage. To date in tranche 1 and 2 awards Vision is the sole SME represented in existing awards so far in Greater Manchester winning six home-to-school franchise contracts from the first round of reregulation*" The response submitted on behalf of Globe and Station Coaches suggested some SMOs will choose to leave the bus industry due to the excessive burden.

6.6.9. TLC noted that there are very few small operators within West Yorkshire and the Proposed Franchising Scheme may reduce this further, impacting competition and leading to increased contract prices. Other smaller operators expressed this concern, noting the uncertainty this may cause to SMOs. South Pennine Community Transport responded that "*most would agree that losing SME operators would be a change for the worse and would amplify the problems that larger operators have in delivering smaller and more bespoke projects*". This links back to discussion of competition discussed under the CSF theme. However, it was also noted opportunities for SMOs in smaller lots and welcomed engagement from the Combined Authority.

6.6.10. Several neighbouring LTAs raised concerns on the continuation of SMOs that operate within their own area and West Yorkshire. North Yorkshire Council expressed concerns that particular operators were concerned about their long-term future, citing the experience from Manchester to be a worry. They encouraged the Combined Authority to revisit this should the Proposed Franchising Scheme be made. Other neighbouring authorities echoed this concern, noting the importance that the financially viability of smaller operators is safeguarded to ensure service continuation in neighbouring LTAs.

<u>Barriers for bidding</u>

6.6.11. Specific concerns on the ability of operators, but particularly SMOs, to compete were raised by several incumbent operators, citing particular concerns on the barrier of the scale and process of bidding. J&B raised a concern that further larger operators may enter the market, with the loss of SMOs.

6.6.12. Several SMOs raised particular concerns around their ability to manage particular working practices and negotiations with unions and bus groups. TUPE issues are discussed in the Management Case response, but it should be noted that this was raised as a particular concern from SMOs. The issue on recruitment could also limit SMOs ability to improve the network without significant additional resources.

6.6.13. The CMA noted that if smaller operators are unable to compete for enough lots there is a risk that SMOs might exit the market. This has impacts on the competition within the market and could alter the market significantly. They suggested the need for the Combined Authority to reduce barriers to entry and expansion which would help SMOs enter the market and that lotting design needs to continue to consider this.

<u>Current SMO context</u>

6.6.14. Connexions noted that some SMOs may not want the opportunities to expand discussed in the Commercial Case and they may be content with their current standing, which needs to be taken into consideration. J&B Travel supported this view, stating that many SMOs rent premises or do not have facilities or inclination to increase fleet numbers. Other SMOs mirrored this feedback, with expansion not an option due to the *"cost and capital which is considerably beyond their financial means or business objectives".*

6.6.15. In addition, Connexions noted a few concerns regarding SMO participation in the market, including the likelihood of SMO investment due to uncertainty, alongside frustrations that bus reform is damaging previously good relationships with SMOs. A suggestion from Connexions was to guarantee SMOs continuation in the first period of the Proposed Franchising Scheme.

6.6.16. The response on behalf of Globe and Station Coaches, along with Ross Travel Group stated that currently SMOs can cross-subsidise their businesses by combining tendered school services alongside school trips and holiday tours. It is argued that this works well and financially benefits the Combined Authority as it spreads the cost as well as balancing income for SMO owners.

Additional considerations

6.6.17. Additional points were made in relation to the performance and operation of SMO services. TLC pointed towards SMO performance exceeding Combined Authority and industry targets and stressed that SMOs have the ability to react and deliver changes quickly and effectively in the event of major disruption. TLC hoped that these strengths would be recognised and that contracts were not just awarded on price. In addition they noted that some SMOs may find it difficult to manage extensive working practice and negotiations with unions without significant additional resource.

6.6.18. The response on behalf of Globe and Station Coaches, and Ross Travel Group highlighted that "*initial PR put out to small operators is that they have much to gain from franchising and that their situation was fully understood. This certainly was not evident in the data collecting process as the documentation assumed that similar corporate practice applied to all operators".*

6.6.19. First West Yorkshire's responses suggested that special dispensation cannot be granted based on the size of an operator as this could create an unfair competitive advantage. If SMOs were favoured, this could be challenged under procurement law.

The Combined Authority's response

6.6.20. This theme has looked at some of the concerns raised on the continuation of SMOs within the West Yorkshire market. The Combined Authority has set out how it will mitigate this impact through it's approach to lotting and contracts which would be further developed if the Proposed Franchising Scheme is made and is confident that the Commercial Case reflects this.

6.6.21. Several risks have been discussed, particularly relating to the impact of a potentially reduced operator community, perceived barriers for bidding for SMOs and consideration of the current SMO context. The Combined Authority has reflected on these comments and is comfortable that the approach taken within our Commercial Case provides mitigations against these risks, as will continued engagement with all operators, including SMOs, as a detailed contract and procurement approach is developed, if a decision is made to proceed with the Proposed Franchising Scheme.

6.6.22. The Combined Authority recognise that any change in governance mechanism has the potential to impact operators within the market. The lotting strategy (discussed elsewhere in this section) has been designed to facilitate and encourage any size of operator to participate, with the creation of smaller lots designed to potentially attract bids from SMOs, as well as opportunities for smaller lots to increase over time to offer growth opportunities. In addition, issues raised in regard to contracts will be addressed at the detailed contact design stage, but the Combined Authority sets out in the Commercial Case that its approach to Lot B and C contracts would be to only adopt a gradual move from the current contracting arrangements for supported services, contracting arrangements that SMOs in the region are already familiar with and successful in bidding for. This should therefore mitigate some of the issues that SMOs are concerned about with being able to compete for smaller franchises against larger operators, as the bidding process and contractual terms should be closely aligned to what they are used to, allowing them to bid as effectively as they do today for secured services. The Combined Authority recognises the benefits of competition delivered through the Proposed Franchising Scheme and which the lotting strategy complements, looking to attract a wide range of operators, of all sizes, to submit bids for franchise contracts.

6.6.23. The challenges associated with a change in governance mechanism are noted by the Combined Authority. The inclusion of section 6.6 sets out the commercial levers that will be used to help facilitate and continue SMO participation in the market including how contracts and lotting will be managed. As noted in the previous paragraph, lots B and C, which may attract interest from SMOs look to take a different approach to contracts, which overcomes some of the concerns raised in the potential issues of resource and barriers to the market within this theme. It is not the intention that the Combined Authority guarantee SMOs access to contracts as suggested by Connexions, as this would not be consistent with obtaining the most advantageous tenders for services, , but the Combined Authority would look to engage with SMO operators to make sure they were involved in market engagement and fully prepared to be able to bid for contracts.

6.6.24. The Combined Authority understands that the procurement of franchise contracts in Manchester has caused considerable concern to the SMO market. It is important to note that we are looking at lessons learnt which can be incorporated into contract and procurement design if the decision to proceed with the Proposed Franchising Scheme is made, including taking on board comments received during this consultation. SMOs would be encouraged to engage with market engagement exercises on both the contracts and procurement approach to ensure that the Combined Authority was successful in achieving an improved approach to tendering for SMOs compared to that encountered in Greater Manchester

6.6.25. Several additional points were raised by correspondents with concerns on the Combined Authority's approach to the Assessment and the potential that particular sized operators might receive positive bias. The Combined Authority would like to reiterate that the Commercial Case focuses on successful deliver of the CSFs which would look to encourage more operators to the market, to create competition, and potentially create new opportunities for bidders who may not previously have won tenders due to a lack of depot and/or fleet facilities.

6.6.26. The Combined Authority recognises the importance of SMOs in providing variety and competition in the current market. We have attempted to engage with the SMO market through various means throughout the Assessment period and used all feedback received in their formation of options to mitigate impacts on this part of the market. The Commercial Case also notes that the Proposed Franchising Scheme may overcome some issues currently faced in the market and contract lengths in many cases would provide greater stability than existing supported service tenders.

6.6.27. In response to the point raised by Globe and Station Coaches and Ross Travel Group, it is not clear which practices are assumed in the documentation to be the same for all operators, and the Combined Authority recognises that practices vary. This has been accounted for in the approach to the different proposed franchised lots, but it is also recognised that consistency of service and provision has been a significant issue raised around the current bus network in West Yorkshire and therefore that introducing a franchising scheme would need to balance these elements.

6.6.28. Noting First West Yorkshire's concerns, we can confirm that that no special dispensation with be granted to any operator. The Guidance requires the Combined Authority to consider SMOs which is why a bespoke section on impact on SMOs was included. The Combined Authority has created smaller size lots to provide an opportunity for all sizes of operator to bid for and may attract SMOs as these contracts may better meet their scale and capacity. It should be noted that it is not within the Combined Authority's approach for the Proposed Franchising Scheme to preclude operators from bidding for any contracts.

6.7. Theme 6: Lotting Strategy

6.7.1. There were a variety of responses on the approach to the lotting strategy set out in consultation. There were several positive comments made towards the Combined Authority's approach to lotting structure and size regarding the opportunity for a variety of size of operators to participate in bidding for franchise contracts. Incumbent operators also noted some helpful considerations, which will be considered during franchise contract design.

6.7.2. The discussion of this theme can be broken into the following into the following areas

- Lotting structure and size
- Consultation and engagement with operators
- Additional considerations

Lotting structure and size

6.7.3. Comments were received on the structure of lots with both positive and negative comments received in relation to this. It was thought, as mentioned in theme 5, that structuring lots with the inclusion of lots more suitable for SMOs (B and C lots) it could encourage new entrants and provide opportunities for existing SMOs and the commitment to the Proposed Franchising Scheme operating across the whole of West Yorkshire was welcomed. It was noted in the CMA's response that the Lot A contracts are considerably larger and may therefore impact appetite for bidding. They supported the view that tendering a higher number of smaller packages of lots gives more flexibility and stronger competition in the market.

6.7.4. The CMA added that they encourage policymakers to avoid structuring the Proposed Franchising Scheme in a way that would bias the market towards incumbent operators as it may impact the level of competition. This could result in a "*lack of pressure"* in future franchising rounds and in driving operator innovation. They did note that the Combined Authority's Proposed Franchising Scheme did mitigate against this risk.

6.7.5. The response from the CMA also highlighted the need to look beyond the initial round, paying attention to the shape of future franchise awards to ensure that they can adapt to changing passenger needs and changing communities. This would ensure that this would smooth the transition to a franchised market structure.

6.7.6. J&B Travel highlighted that allowing lot C contracts to be let to small SMOs would help provide them with longer term certainty of the future of their business leases. They noted the potential *"race to the bottom*" if "*large operators are unsuccessful in bid A, they will then look to block bid on option C, meaning smaller operators will not compete, with margins of profit required to be higher with SMEs"*. This impacts SMOs differently to larger operators who can move their assets around more easily. This view was reflected by other, non-statutory, stakeholders including Transport UK who suggested that category B and C lots could be protected with smaller operators.

6.7.7. Specific comments were received from Connexions suggesting that lots need to be truly suitable for all size businesses – taking into account issues affecting SMOs such as reduced working weeks / alternative working patterns. In the responses from Globe and Station Coaches, and

Ross, points were also made about SMOs having particular criteria against which they bid, and so therefore the content of each lot would be a key deciding factor within decision making. Whilst other SMOs noted the opportunities for SMOs within B and C lots.

6.7.8. Dales and Bowland CIC reiterated that a successful market that encourages high standards and good value for money is *"dependent on the participation of small and medium sized operators, so we welcome the inclusion of smaller lots within the lotting strategy".*

6.7.9. Comments received from the public showed the need for lots to be suitable for all sizes of operators, however noting the potential that lots could either increase or decrease competition.

6.7.10. The size of lots and how this will impact bids and competition within the market is discussed within the 'driver of competition between operators' section of this report.

Clarity of inclusion of services

6.7.11. Several respondents noted the lack of information on the services included within lots, including TLC that suggested additional clarity and detail to understand how this is included in the Proposed Franchising Scheme. Lancashire County Council also flagged that the list of services under each procurement round would be useful information. Further information on this is included within the discussion on the Proposed Franchising Scheme in section 3.4.

Approach to lotting within Leeds

6.7.12. A particular query noted was the approach to lotting with Leeds ranging from requests for further information to suggestions on how better to structure the approach.

6.7.13. Stagecoach queried the splitting of Leeds into three lots, suggesting this will cause confusion amongst passengers. They made a counter suggestion of leaving Leeds to be in the procurement round and franchising the entire city at once.

6.7.14. First's response suggested that their market feedback was not taken into account, reflecting in the PVR at the Leeds lots. First say this is a material consideration regarding the costs of operating the Proposed Franchising Scheme, including the need for electrifying a third depot within Leeds.

Consultation and engagement with operators

6.7.15. It was noted by the CMA that the Combined Authority engaged with operators when designing the lotting strategy and that future ongoing market engagement, with operators of all sizes, is important to understand how franchise design will impact competition now and in the future.

6.7.16. The CMA also noted the importance of ongoing monitoring and evaluation in determining the impact and effectiveness of the Proposed Franchising Scheme. They pointed to the use of passenger data as a way to assess the current network and hold operators to account. They also noted the need to collate feedback from operators if the Proposed Franchising Scheme was introduced. This was reflected in the response from the Peak District Peak Authority, noting the opportunity to learn from previous procurements and to improve as the Proposed Franchising Scheme progresses.

6.7.17. Several respondents also noted the ability to learn from earlier tranches in the Proposed Franchising Scheme as the phasing of rounds allows for this feedback to occur.

Additional considerations

6.7.18. Better Buses for West Yorkshire commented on alternative mechanisms used across Europe, noting that many devolved areas have a single operator to deliver all services which reduces the complexity around commissioning. They suggested *"by running the procurement for Category A Lots 10 times, for the 10 zones, it will increase the time and cost needed to deliver all these services".*

The Combined Authority's response

6.7.19. The comments made in relation to the lotting strategy were largely supportive of the approach taken by the Combined Authority, with many noting the opportunities that the variety of sizes of lots can bring in competition for franchise contracts. Some respondents, largely smaller operators, noted that there are additional considerations such as precluding operators from smaller lots that could protect the market from SMOs.

6.7.20. The Combined Authority have considered these responses and recognise the fact that a range of operators contribute to a healthy bus market that encourages competition and therefore an improved customer offer. The Combined Authority notes the comments received on lotting sizes and how these can facilitate competition in the market. The Combined Authority can confirm that no special dispensation will be granted to any operator. The Combined Authority has proposed to size smaller contracts to provide an opportunity for SMOs to bid for contracts that better meet their scale and capacity and encourage greater competition from operators of different sizes. It should be noted that no operator would be precluded from bidding.

6.7.21. Considering comments on lotting within Leeds raised by First West Yorkshire, the Combined Authority set out the interaction of Lots (including order, size and scope) within the Lotting Strategy, published as Appendix 3.1 in the Bus Reform Consultation. Further detail on the approach to lotting and particularly the split of lots within the Leeds zone is considered within section 3.3 and section 6.5 of this report. The additional costs related to splitting of Leeds lots and an additional depot and charging infrastructure have been factored in to costings.

6.7.22. The Combined Authority is committed to ongoing engagement and monitoring, as demonstrated in our current EP and is essential to understanding whether the Proposed Franchising Scheme meets the set objectives.. Further discussion on the issue of operator engagement can be found in the section on Consultation in the Proposed Franchising Scheme chapter and in the Management Case section.

6.7.23. The comments from Better Buses for West Yorkshire are noted, however one of the commercial aims for the Proposed Franchising Scheme is to create competition through bidding for contracts. This cannot favour operators and it is noted that with a wider range of operators better competition can be created through the bid stage as operators strive to improve service offering. Neither during market engagement or through this consultation have we seen support for this approach suggested by Better Buses for West Yorkshire from operators who would be the potential franchisees.

6.8. Theme 7: Risk allocation

6.8.1. Several responses highlighted risks in relation to the Commercial Case. These are considered under the following headings:

- Risk Strategy
- Revenue Risk
- Timetabling Risk
- Commercial Success Factors
- Risks associated with operators
- Risks associated with the Proposed Franchising Scheme

6.8.2. Operators, Local Councils, the Confederation of Passenger Transport (CPT) and the Peak District National Park all identified potential risk increases in a Franchised scenario in their Consultation Responses..

Risk Strategy

6.8.3. The consultation responses received from most bus operators identified that there would be an increased risk for the Combined Authority in the Proposed Franchising Scheme compared to under the EP+. Transdev state that Proposed Franchising Scheme brings substantial risk and they believe that the use of the control is not done in the best interest of the bus users, although they understand the desire for change. Calderdale Council suggest that although there is a complex set of risks the long-term benefits of the Proposed Franchising Scheme should outweigh the short-term risks.

6.8.4. Another aspect within the risk strategy that had been highlighted in the consultation responses is risk associated with the number of resources within the Combined Authority. CPT state that there will need to be significant additional capability in house to manage the additional ongoing risks as part of the Proposed Franchising Scheme.

Risk Allocation with regards to Revenue Risk

6.8.5. The main area of risk that has been identified as part of the consultation responses is the risk relating to revenue risk. This is dealt with in further detail as part of the financial case section, but was also raised in connection to the commercial case and so is covered here.

6.8.6. Many incumbent operators, CPT and Leeds City Council have identified that the transfer of revenue risk to the CA represents a significant risk, and Transdev state this is particularly the case given the financial climate of the public sector currently. Several operators further state that the risk allocation under the Proposed Franchising Scheme will also be much larger because of the capital responsibility for depots and ZEBs.

6.8.7. Countering this, there were responses from the members of the public during the consultation that support the Proposed Franchising Scheme and state that subsidy is already provided to bus companies without the necessary control that the Proposed Franchising Scheme would give.

6.8.8. Other responses noted that there is no mention that local authority borrowing could be restricted in the future. Respondents suggested that this could possibly stop or halt the Proposed Franchising Scheme and it may not achieve what it sets out to.

6.8.9. The Combined Authority is aware that we would assume revenue risk under the Proposed Franchising Scheme and are therefore at risk for decreases in revenue and will have the responsibility to fund any resulting shortfalls. To test the potential impact of changes to revenue under the Proposed Franchising Scheme, scenario analysis in relation to potential reductions in revenue were carried out in the Economic and Financial Cases of the Assessment.

6.8.10. Several incumbent operators noted that it was not clear whether loss of passenger revenue to mass transit is accounted for within the Assessment. Mass Transit is currently in development and therefore the Combined Authority cannot robustly predict the impact in future years to draw an assessment on the impact on the Proposed Franchising Scheme or other regulatory options. It is challenging to undertake Sensitivity Analysis on a future mass transit scenario, when neither has the impact of a likely Mass Transit option been established nor the likely bus service response. This assumption remains consistent across regulatory options, however it is known that the Combined Authority's bus network response to the introduction of Mass Transit could be more easily integrated under the Proposed Franchising Scheme than under a de-regulated system, where Mass Transit could affect the balance of services which remain commercial. In this way, the Combined Authority could better manage revenue risk across modes on an integrated basis.

Risk Allocation with regards to Timetabling

6.8.11. As part of the Proposed Franchising Scheme the Combined Authority would be taking on some of the responsibility of the timetabling and the associated activities in order to set these out as part of franchise contracts. Several operators have identified this risk, in particular the requirement for a very high standard of timetable compilation, given we would have ultimate responsibility.

6.8.12. Additionally, they also state that the Combined Authority targets for growth will not be achieved if the timetables and routes are flawed. Several operators have identified that separating the compilation of the service timetabling from the duty requirement will duplicate work and cause inefficiencies and increase resource requirements and costs.

6.8.13. The Combined Authority acknowledges in the Assessment's Commercial Case that currently operators manage the timetabling of routes whilst under the Proposed Franchising scheme the Combined Authority would be able to specify the frequency, timing, and number of buses for each service, determining the appropriate level of detail in each tender to ensure appropriate timetable provision, but also to be able to ask bidders to apply their expertise in timetabling and resource managing bus services in their bids. This balance of responsibilities mitigates some of the risks highlighted in responses as it would continue to utilise the expertise of bus operators in detailing the more granular level of timetabling and scheduling. The Management Case of the Assessment has identified the requirement for additional systems and increased capacity and capability within the Combined Authority to reduce the risk of timetabling under the proposed franchising scenario.

Risk Allocation with regards to Commercial Success Factors

6.8.14. There are risks surrounding franchising which may affect the Commercial Success Factors of the Proposed Franchising Scheme. CPT state that the passenger benefits that have been identified in the Assessment could be delivered at least equally through an EP or the EP+ model and for which change could be implemented at a faster pace. This relates back to comments received on options appraisal in the Strategic Case within section 4.4 of this report.

6.8.15. The Peak District National Park Authority add that the EP+ scheme has the potential to support the Commercial Success Factors identified, although they identify that this is based on effective negotiation with operators.

6.8.16. The Combined Authority recognises that there are a range of views on the EP+ and was encouraged to see engagement on this topic. In relation to risks in delivery of the Commercial Success Factors, we refer to our conclusions in the Strategic Case that the strategic objectives of bus reform can be better delivered under the Proposed Franchising Scheme as it offers the control and certainty to the Combined Authority and does not rely on operator negotiation, as some of the EP+ interventions require. It is noted within the Strategic Case that the EP+ does perform better than the current EP and does acknowledge where there have been successes through partnership.

Risks Associated with the Operators

6.8.17. Several responses identified risks associated with the operators, either posed to them by the Proposed Franchising Scheme or posed to the Proposed Franchising Scheme by operators.

6.8.18. Several incumbent operators acknowledge the risk of reduced service delivery standards by the operators, stating that this will need to be mitigated by a strict contract management regime and potential financial incentives. Transport Focus also shares these concerns regarding further network deterioration although focuses the concern on the transitional period and how this can be used as an opportunity to support service provision and modal shift towards an attractive network that promotes growth.

6.8.19. Countering this, some members of the public raised a concern on the EP+ and the fact the risks associated with this to the operators would be passed on to the public through increased prices or decreased service quality.

6.8.20. As stated in the Commercial Case of the Assessment operators will be contractually bound to provide services once they have entered into a franchising agreement and will have less flexibility to drop services which are no longer viable as decisions on the viability of services will rest with the Combined Authority. The performance regime of the contracts will be calibrated to reflect the specific performance requirements of the different contracts and is discussed in section 6.3, and there would be change mechanisms in place also to allow in contract changes to delivery should external influences impact contracts in a way that make them undeliverable.

6.8.21. In addition, there are several ways to manage the risk of operators de-registering services before franchising comes into operationn:

- The Combined Authority may choose to publish a ‘transitional notice’ at the same time as making and publishing the franchising scheme, to extend the cancellation and variation notice period that Operators need to comply with in respect of services, from the current 42 days (and 28 day pre-notification to the local transport authority) to a maximum of 112 days: and
- certain services may be registered at short notice, where the Combined Authority enters into an agreement with an operator for the provision of a service during the transitional period – the 42 day notice period need not apply, and such service could instead be provided from a point from when the Traffic Commissioner accepts the registration application.

6.8.22. TransDev also state that the operators have the experience of running a bus network also echoed by Stagecoach’s response stating that fleet procurement is complex and the operators are the ones who have the experience and the close relationships with suppliers and manufacturers. First West Yorkshire commented that existing operator knowledge and experience would be lost under franchising.

6.8.23. The Combined Authority are aware of the knowledge and experience currently sitting with the operators and have identified the need to recruit staff with the required capability as part of the Proposed Franchising Scheme which is discussed in further detail in the Management Case in sections 8.2 and 8.3.

6.8.24. In response particularly to the point from First West Yorkshire on loss of knowledge and experience, the Franchising model as defined for the purposes of the Assessment mean that the majority of operational staff are expected to be retained within West Yorkshire's bus services and network. Expertise in areas such as route planning will be covered by this, with some of these skills moving to within the Combined Authority. Table 4 in the Management Case sets out the incremental resource requirements for Franchising, including which roles have been assumed to be subject to transferring under Franchising. With regards to relationships at risk under Franchising, the Combined Authority acknowledge the potential risk that First West Yorkshire raise but view the likely outcome to be a change in the nature of the relationship and responsibilities as between operators and the Combined Authority, rather than a complete loss. Franchising could also result in new relationships and expertise being introduced to West Yorkshire's network and services with different operators competing for franchised services, as in bidding, operators would be evaluated on their proposals including their existing expertise which they would bring to franchise contracts won, and employees of incumbent operators may also TUPE transfer to successful bidders, retaining knowledge and experience

6.8.25. TfGM agree with the conclusions of the affordability and financial risk of the EP+ and Proposed Franchising Scheme but note that the achievement of a successful EP+ is unpredictable as it would require all parties, including bus operators, to agree and continue to agree changes into the future.

6.8.26. The Combined Authority also acknowledges that the interactions with the operators and the production of the correct incentives would be vital under either the Proposed Franchising Scheme or the EP+. One of the biggest risks the EP+ identified in the Commercial Case in the Assessment is that the Combined Authority cannot make changes if sufficient operators object. Commercially, all the risks that apply to the current EP also apply to the EP+ but with additional risks related to negotiating and enforcing network changes seen through the introduction of additional policy levers.

Risk in relation to Franchising Contracts

6.8.27. The consultation responses also identified risks associated with franchise contracts as part of the Proposed Franchising Scheme. Several operators stated that if similar standards are expected from the operators as part of the tendering process then there will be little variation in the costs submitted by the bidders as the difference in capital and variable costs between operators will be almost entirely removed.

6.8.28. J&B Travel stated that the procurement for the Proposed Franchising Scheme will be based on the most competitive bid and does not incentivise operators to enhance routes.

6.8.29. The Peak District National Park made the point that careful contracting and project planning is required to ensure fair approach to SMOs and large operators.

6.8.30. The Combined Authority understand the concerns regarding the procurement process under the Proposed Franchising Scheme but have identified ways to reduce these risks, as identified in the Commercial Case of the Assessment. For instance, the tender process will be a balance between quality and price and so success will not be based purely on the most competitive bid.

6.8.31. Feedback gained from market engagement exercises was fed into the Assessment but further, additional, Preliminary Market Engagement will be undertaken following any decision to make a franchising scheme. This will allow for engagement on the draft procurement documentation, drafting of contract documents and testing of commercial principles in the context of:

- the franchising scheme as made;
- the current state of the bus market;
- the proposed contractual mechanisms;
- and other key elements of this commercial case as they will be presented to the market (for example the approach to depot and fleet).

6.8.32. For SMOs, the Commercial Case of the Assessment identifies areas where the Combined Authority could help them consolidate their market position and have opportunity to grow including; route packaging, marketing and ticketing systems and contract terms, which has also been considered in section 6.6 of this report.

The Combined Authority's response

6.8.33. Many issues relating to the risks raised within this theme have been discussed throughout the Assessment's Commercial Case, giving confidence that the approach taken by the Combined Authority sufficiently covers the areas raised.

6.8.34. Regarding the risk strategy, the Combined Authority are aware of the scale of change that the decision to introduce a franchising scheme would bring and the changes this has on risks. This is recognised within the Commercial Case under the risks and responsibilities (section 4.3.2) of the Commercial Case. Conclusions to risk strategy and resourcing are also discussed within the Management Case of this report under section 8.5.

6.8.35. The Combined Authority is aware that revenue risk would be taken on by the Combined Authority under the Proposed Franchising Scheme and the resulting responsibility for the risk for decreases in revenue and fund any resulting shortfalls. This was tested under scenario and sensitivity analysis under the Financial Case of the Assessment and the Combined Authority is confident this has been tested robustly as a result. Regarding mass transit impacts, it is considered unknown as to what extent loss of passenger revenue will have due to this scheme only being under development meaning the Combined Authority cannot robustly predict the impact of this, but would suggest that this impact could be easier to manage under a Proposed Franchising Scheme than under a de-regulated bus market environment.

6.8.36. The Combined Authority recognises that operators currently have the skills and knowledge required for effectively managing timetabling, and for that reason the Commercial Case sets out that a level of this detail would be with the franchisee operator to decide. Issues regarding risks to skills and training are covered within section 8.5 of the Management Case section of this report.

6.8.37. The Combined Authority recognises that there are a range of views on delivery of options against the CSFs and retain our conclusions set out in the Strategic Case that the Proposed Franchising Scheme offers the control and certainty that is not achievable under the EP+ due to the reliance on operator negotiation. There is therefore less certainty in delivering the EP+, as it requires formal negotiation to be completed with operators remaining sufficiently aligned on the detail of proposals for them to be implemented, with the risk that some commitments may not come to fruition.

6.8.38. In response to operator risks, there are additional contract mechanisms within the Proposed Franchising Scheme that make operators contractually bound to provide services once they have entered into a franchising agreement. This will be supported by the development of an effective performance regime, which will be developed during detailed contract design stage. During transition the Combined Authority has also given consideration of how it would manage disruption, including the ability to let services if required.

6.8.39. Concluding on procurement risks, the Combined Authority have identified ways to reduce these risks, as identified in the Commercial Case of the Assessment. This includes market engagement exercises to maximise the potential for the procurement in terms of the Combined Authority and for those tendering.

6.8.40. This theme demonstrates that mitigations and management of risk is effectively dealt with within the Commercial Case and that additional provisions are set out in other cases of the Assessment. The Combined Authority are aware of the additional considerations that are required during the next stages of development should the Proposed Franchising Scheme be made and are prepared to manage them effectively, with further detail of the Combined Authority's approach set out in section 8.5 of this report.

6.9. Commercial Case Conclusion

6.9.1. Following consideration of the comments raised in response to its consultation on the Commercial Case the Combined Authority can reaffirm is conclusion that the commercial approach to the EP+ and the Proposed Franchising Scheme provide sufficient detail and provisions for the introduction of either option.

Evaluation of the Commercial Success Factors

6.9.2. This theme sought to understand comments made in response to the Commercial Success Factors 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 CSF noted 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 raised as key concerns. 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 Proposed Franchising Scheme. The scale of change and the requirements needed to introduce the Proposed Franchising Scheme were the main discussion within the discussions on the Ease of Implementation CSF. A number of additional remarks were also given.

6.9.3. Following consideration of the responses, the Combined Authority reaffirms that the CSFs consider elements of commercial success effectively. The focus of the CSFs in the Assessment are to ensure whether different models would create a commercially viable deal which is evaluated within sections 4 and 5 of the Commercial Case. The change in competition from 'on street' competition towards competition for contracts is noted and the Combined Authority maintain their conclusion that the Proposed Franchising Scheme allows for better delivery of the CSFs largely in part to reducing barriers for new entrants and allowing for greater competition for contracts. In regards to scale of change, the CSFs show that either option is deliverable and this conclusion is further supported by the conclusions drawn in the Management Case of the Assessment.

Franchise contracts, procurement, and implementation and transition planning

6.9.4. There were a variety of responses on contracts, with supportive and helpful comments received in terms of contract length and additional contract specifications. Generally there was support of several 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.

6.9.5. It is noted that the introduction of a Proposed Franchising Scheme would see significant change and that the contracting process would be proportional to the contracts procured. The Combined Authority is confident, if this option is pursued, that the phased approach allows time to understand lessons learned and continued learning and improvement. Additional contract specifications will be considered during detailed contract design stage and will be subject to market engagement.

Consideration of cross-boundary services and the service permit regime

6.9.6. 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.

6.9.7. 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 of a permit regime on this. Questions were raised regarding cross-boundary services and whether they were adequately addressed within the Commercial Case.

6.9.8. Through our response, the Combined Authority has reaffirmed commitment to cross-boundary services, noting the concerns raised by respondents on the impact introducing the Proposed Franchising Scheme could have on this. If the Proposed Franchising Scheme is made, an effective approach to managing cross-boundary service would be adopted to ensure the social and economic links between districts are maintained. In addition, the service permit regime would be subject to another consultation, whilst the Combined Authority would seek to continue discussions with neighbouring LTAs.

Approach to assets

6.9.9. Comments made on assets have been discussed in terms of the approach to fleet and the approach to depots reflecting the main elements of discussion in responses. Responses on fleet raised questions regarding bus specification and management of assets. It also considered responses 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.

6.9.10. 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 has with the lotting strategy and the cost of depots.

6.9.11. The Combined Authority notes the comments received in relation to the approach to assets. A successful fleet and depot strategy are important should a decision be made to introduce the Proposed Franchising Scheme and strategies would be further developed for implementation in the next stage of delivery. The risks in relation to asset purchasing have also been considered, and mitigations have been proposed in how the Combined Authority can seek different routes to acquiring assets, and sensitivities performed on the possibility for variance on costs.

Consideration of the impact on SMOs

6.9.12. The majority of responses within this theme raised issues on the risks to SMOs seen if the Proposed Franchising Scheme is introduced. This includes impacts on a reduced operator community and potential barriers to bidding if contracts are to 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.

6.9.13. The Combined Authority has set out in the Commercial Case how the approach to lotting and contracts would help facilitate competition across operators of all sizes under the Proposed Franchising Scheme. Whilst risks to SMOs have been discussed, the Combined Authority feels that the commercial arrangements within the Assessment set out how SMOs could effectively compete within a franchised environment. The Combined Authority would like to reiterate that the Commercial Case focuses on successful delivery of the CSFs which would look to encourage more operators to the market, to create competition, and potentially create new opportunities for bidders who may not previously have won tenders due to a lack of depot and/or fleet facilities and does not look to favour SMOs or incumbent operators.

Lotting Strategy

6.9.14. 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 highlighting 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. Other comments received within this theme have been looked at through the Proposed Franchising Scheme section 3.4 which provides clarity on the inclusion of services, whilst section 3.3 considers comments relating to the approach of lotting within Leeds.

6.9.15. The Combined Authority maintains confidence in its approach to lotting presented in the Commercial Case due to the large number of supportive comments received, with respondents supportive of varying sizes of lot to facilitate competition. The Combined Authority does not intend to give special dispensation to any operator. The Combined Authority has sized smaller contracts to provide an opportunity for SMOs to bid for contracts that better meet their scale and capacity and encourage greater competition from operators of different sizes.

Risk Allocation

6.9.16. 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 briefly, reflecting comments relating to ease of implementation (section 6.2) and evaluation of bus reform options (section 4.4).

Risks to operators were also identified, including risk to operation of services during transition and risk of losing operator knowledge.

6.9.17. Following consideration of the comments raised in response to its consultation on the risk the Combined Authority can reaffirm is conclusion that the commercial approach to the EP+ and the Proposed Franchising Scheme provide sufficient detail and provisions assessing and mitigating against risk. This is further discussed in section 8.5.

Overall conclusion

6.9.18. 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.

6.9.19. 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,

6.9.20. Whilst the Combined Authority remains confident following the consultation feedback that from a commercial perspective, either bus reform option is deliverable, it maintains that the CSFs can be better reached 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.

7. Financial Case

7.1. Introduction

7.1.1. This section looks to set out the responses received through the Bus Reform consultation on the Financial Case of the Assessment across the short and long questionnaire and the conclusion of the Assessment.

7.1.2. The Financial Case of the Assessment looks at the financial implications of the two options for bus reform (the Proposed Franchising Scheme and the EP+) and compares them to the current EP Reference Case to understand whether the Combined Authority would be able to afford the transition to and the ongoing operation of the two bus reform options.

7.1.3. The Financial Case considers what level of bus service provision can be provided under each option for the same amount of funding available, consistent with existing budgets – including farebox revenue. It also considers any capital investment (costs for buses and depots), transition costs (including management and consultancy resources) and any additional operating costs.

7.1.4. All options also assume a continued decline in passenger numbers and increasing operating costs resulting in decreasing commercial viability and therefore a reduction in the size of the bus network provided.

7.1.5. The Financial Case also sets out a range of funding and finance sources that are available to the Combined Authority to fund services under the reform options – including existing and additional sources which could be considered. The use of any of these sources will be subject to further discussion and agreement, following a decision to implement either of the options.

7.1.6. This section looks to respond to key themes that were raised across the responses received.

7.1.7. Within the short questionnaire this section looks to reply to responses on the following questions:

Q5. The Financial Case concludes that the Combined Authority could afford to introduce and operate the Proposed Franchising Scheme, but this carries additional financial risk. Do you have any comments on this?

7.1.8. Within the long questionnaire the following questions were asked on the Financial Case:

Q35. The Financial Case sets out the potential sources of funding available to the Combined Authority to deliver the Proposed Franchising Scheme. Do you have any comments?

Q36. The Financial Case concludes that the Combined Authority could afford to introduce and operate the Proposed Franchising Scheme. Do you have any comments?

Q37. Do you have any comments on the conclusion of the Financial Case about the affordability of the EP+?

Q38. The Financial Case concludes that the Proposed Franchising Scheme carries more direct financial risk to the Combined Authority compared to an Enhanced Partnership but offers the Combined Authority greater control over the way buses are run, resulting in greater benefits. Do you have any comments on the Combined Authority taking on this financial risk?

7.1.9. This section discusses issues raised in response to these questions through submissions to the Bus Reform consultation across emails, letters and the online questionnaire. The structure of this section reflects the key themes identified across these responses.

7.1.10. This section also looks to consider the wider public responses to the consultation which are quantified and analysed in the DJS Research report.

7.1.11. The DJS Research report found that around a third of public respondents that commented on the conclusions of the financial case that risks were necessary sometimes and the benefits may outweigh the costs. Other public responses focussed on different areas of concern with regard to the financial impact of the introduction of the Proposed Franchising Scheme. Further information on those comments can be found in the DJS Research report, but key concerns are also highlighted within the following section.

7.1.12. The section is structured as follows:

- Assessment assumptions and modelling
- Funding and finance sources
- Costs of implementing franchising
- Cost of implementing the EP Reference Case or the EP+

- Financial and cost risks to West Yorkshire Combined Authority
- Financial cost / risk to local authorities
- Financial Benefits of franchising
- Value for Money / use of public money
- Conclusions on the feedback received on the financial case

7.2. Theme 1: Assessment assumptions and modelling

7.2.1. A number of consultees provided responses on assumption and modelling points used within the Financial Case.

7.2.2. The responses within this theme will be discussed under the following headings:

- Assumption of passenger decline
- Modelling of the impact of a pandemic type event
- Margin assumption
- That extra budget is needed in some years
- That figure 9 of the Consultation Document has missing labels
- That table 11 of Section 4.4.6 of the Consultation Document is incorrect
- Inflation assumption
- Assumption on farebox revenue

Assumption of passenger decline

7.2.3. In particular, a number of comments referred to the assumption on demand and the assumption that there would be ongoing passenger decline. In some cases. such as in the response by Action for Yorkshire Transport, this was suggested to be contrary to objectives, with some statutory stakeholders referring particularly to transport policy targets and climate goals.

7.2.4. In some responses this related particularly to the Proposed Franchising Scheme. CPT in their response made a point that "*franchising would only deliver 3.8% more passengers over 15 years compared to an EP+ model (with both models suggesting an overall fall in passengers)"* and that cost/benefit analysis should be considered by the Combined Authority. First West Yorkshire make a similar point: "*This indicates the negligible improvement made under franchising vs. EP+, and therefore a disproportionate amount of risk to be borne by the CA to achieve this outcome*".

7.2.5. Arriva and Transdev both made responses to this assumption in relation to the conclusion of the financial case on the EP+. Arriva suggested that the conclusion on the EP+ was contradictory: *"The conclusion appears contradictory to itself as it states that there would need to be a reduction in service, which will lead to a reduction in passengers carried. However it also acknowledges that the number of passengers carried is greater under the EP+".*

7.2.6. Transdev on the other hand did not agree with the logic of the statement that *"if the bus service is to remain affordable, there would need to be a reduction in services, which will lead to a reduction in passengers carried*", and stated that there would be scope under the EP+ to use resources more effectively to carry more customers than currently and any network design approach under franchising is equally deliverable under the EP+.

7.2.7. Transport Focus in their response raise a concern that there is a risk that fares would need to be increased to pay for improvements or services will need to be cut if patronage declines. They also state that improving services will cost money and that therefore predicting patronage decline presents a challenge.

7.2.8. The Combined Authority have made clear in their Assessment that it is assumed that passenger numbers continue to follow the long-term trend, consistent with national trends, one that has seen a decline in journeys. This long-term trend is considered in the strategic case and has then been modelled as part of the economic and financial cases. This assumption has been applied consistently to support the comparison of regulatory options for bus reform, but that does not mean that it is the Combined Authority's long-term ambition to see passenger numbers continue to decline. The strategic case section 4.3 of this report picks up particularly the response to the Combined Authority's objectives and the issue of patronage decline vs patronage growth. That section also considers objectives related to climate. The Combined Authority therefore believes that this is a valid assumption and is in line with wider strategic objectives, and therefore that its treatment in the financial case has been applied in line with requirements of the legislation and is appropriate.

7.2.9. In response to the specific point raised by CPT that recognises franchising is forecast to realise 3.8% more journeys than EP+ (this is on average across the appraisal period as described in 7.4.5 in the financial case) and that states cost benefit analysis should be conducted, the economic case does consider the cost benefits of the options, and that these cost benefits are high for franchising. In respect of the similar point from First West Yorkshire, that the Combined Authority would take on a disproportionate amount of risk in achieving such a result, as is referenced in the further section 7.6 on financial risk to the Combined Authority, it is recognised that a further level of risk does come to the Combined Authority, but that level of risk is not disproportionate taking into consideration the results achieved from this option and the increasing level of risk taken under all options by the Combined Authority due to the network being forecast to decrease. The Combined Authority has carried out scenario and sensitivity analysis to test the impact on ranking of options should identified risks occur (funding, demand, asset, implementation, margin). The results (found in Sections 8 and 9 of the Assessment's Financial Case) have demonstrated that should these risks occur; Franchising remains the most favourable option regarding the number of passenger journeys achieved.

7.2.10. In response to the point made by Arriva about the conclusion on the EP+ in financial case being contradictory, this appears to be a misinterpretation, as the case demonstrates how forecasting shows reduced journeys under the EP+, but that they carry a higher number of journeys relative to the do nothing option. This point is made clearly in the consultation document in the section that considers the financial case conclusion on the EP+ that states: "*as with the EP Reference Case, if the bus service is to remain affordable, there would need to be a reduction in services, which will lead to a reduction in passengers carried. However, compared with the EP Reference Case, the level of service provided and the number of passengers carried is greater under the EP+".*

7.2.11. On the point raised by Transdev of services not necessarily declining under EP+, the Combined Authority's view is that despite interventions that would maintain a higher level of journeys than the reference case for EP+, as is the case for franchising, there would still be a decline in line with the long-term trend (applied consistently to all options). As outlined in section 5.4.8 of the Financial Case this is due to both the forecast drop in demand and the increasing bus operating costs. The impact of changes to this trend are then tested through scenario analysis to consider the impact of increases / further reductions to demand over time. On Transdev's suggestion that resources could be used more efficiently under EP+, the Combined Authority has looked to model this in the Assessment, such as through the delivery of network enhancements. These enhancements have a positive impact but are not sufficient to deliver more total journeys over the course of the appraisal period. And on the point about network design being achievable equally under all options, this is considered in greater detail in the sections on Strategic and Commercial cases in sections 4.9 and 6.8.

7.2.12. In response to the points from Transport Focus, as made clear in the Assessment, over time services would need to be cut under all reform options to remain within the available budget, and therefore the Combined Authority agrees that if patronage declines then there could need to be those cuts under all options. On fare increases, the Management case sets out that it is not intended under Franchising to make wholesale change in fares from other options – but this would need to be considered as it would under any delivery model weighing up the relative benefits of changes. In regard to improving services, there are a number of different ways in which services can be improved, and some of the costs associated with reform options, including the investment and specification of vehicles, rationalisations of services, improved customer information, network coordination and simplifying ticketing, would realise these. However, it is recognised in the financial case that there is only a finite budget available to deliver bus and therefore the Combined Authority accepts that passenger decline could impact on the ability of any option to be able to deliver improved services.

Modelling of the impact of a pandemic type event

7.2.13. Both Leeds City Council and Kirklees Council have referred to the possibility of a further pandemic or other such event that would see patronage decline further than the forecasts in the assessment, and questioned what the impact would be on services or on budgets.

This particular point was considered during the Assessment audit process, and in particular, the responses to the observations of Grant Thornton which can be found in the document "Combined Authority response to the observations of the independent auditor"[2] . In the section of that document on downside sensitivities (found on page 10), and the section entitled '*Additional note relating to the response to the observation on Flexibility of service provision*' (found from page 13) the Combined Authority has considered this issue and what the possible impacts would be of, in particular, a short-term shock. As outlined in the Combined Authority's response to Grant Thornton, reductions in budget would need to be balanced with complying with duties around concessionary travel and socially necessary services. It is recognised that there is a risk of such an occurrence happening, and that this would have impacts on all reform options, and it is proposed therefore that the Combined Authority would regularly review mitigations to ensure the Combined Authority would be able to manage such issues across all options, which may include the need to cut services further than forecasted, or to provide a particular reserve for such an event.

Margin assumption

7.2.14. In similar points to the economic case, CPT have raised the operator margin assumption in the assessment: "*the affordability is based on a current operator margin of 12-13%, we would be interested to see how that assumption has been calculated as latest published accounts of operators show the levels are 6%-8%."*

7.2.15. The assumption on margins is discussed in more detail in the economic case section of this report, and the Combined Authority is comfortable for the reasons given in the economic case that the affordability conclusion of the financial case holds.

That extra budget is needed in some years

7.2.16. Arriva make a comment that: *"The consultation document notes that in some years, specifically 2028/29, more budget is forecast to be required than is available. It states that it's options to address this shortfall include for service levels to be adjusted which seems contrary to the objectives of Bus Reform. The affordability of the scheme makes many assumptions about the ability to draw down on additional funding and the public purse."*

7.2.17. As is detailed in the financial case, the forecasting model is set up to work within the budget, and in the case of Franchising it is modelled overall to be affordable with an average budget required compared to budget available of 97.5% over the appraisal period. It is recognised in 7.4.3 of the financial case, as pointed out by Arriva and CPT, that in some years, specifically 2028/29, more budget is forecast to be required than is available, by £1,340,494. The same paragraph of the financial case outlines how the Combined Authority could deal with such a scenario "*In reality, other revenue sources could be drawn or service levels adjusted to counteract this impact*." The point being made is that, as opposed to what is happening in general in the modelling, where services are adjusted to remain within the budget available, when the difference is considered to be small and therefore cutting an entire service for the year could be disproportionate, it could be possible for the Combined Authority to utilise another revenue source. The financial case does not suggest that this would necessarily happen, and the point is made that service levels could instead be adjusted, which could include trimming actions that it was not practical to model in the assessment, such as only reducing some frequencies or service days, rather than t cutting whole services.

7.2.18. It Is not the Combined Authority's view that service levels being adjusted is contrary to the objectives of Bus Reform (see also the previous section on Assumption of Passenger Decline), particularly because one of the objectives against which Bus Reform is being tested is whether it is affordable. The Combined Authority also do not agree with the statement that "*The affordability of the scheme makes many assumptions about the ability to draw down on additional funding",*

[2] The Combined Authority's response to the observation of the independent auditor was published with the materials for the consultation, available: https://ehq-production-europe.s3.eu-west-1.amazonaws.com/ea096f872b3120be165178dd6b3caaf884e5d2a2/original/1696932353/e47342061b8c583b2683c39e980b6897_Combined_Authority_response_to_the_Observations_of_the_Independent_Auditor.pdf?X-Amz-Algorithm=AWS4-HMAC-SHA256&X-Amz-Credential=AKIA4KKNQAKICO37GBEP%2F20240301%2Feu-west-1%2Fs3%2Faws4_request&X-Amz-Date=20240301T105441Z&X-Amz-Expires=300&X-Amz-SignedHeaders=host&X-Amz-Signature=bc2c65a0ac5817623084696631a0f505a8f3361106d66933de9033997be93eef

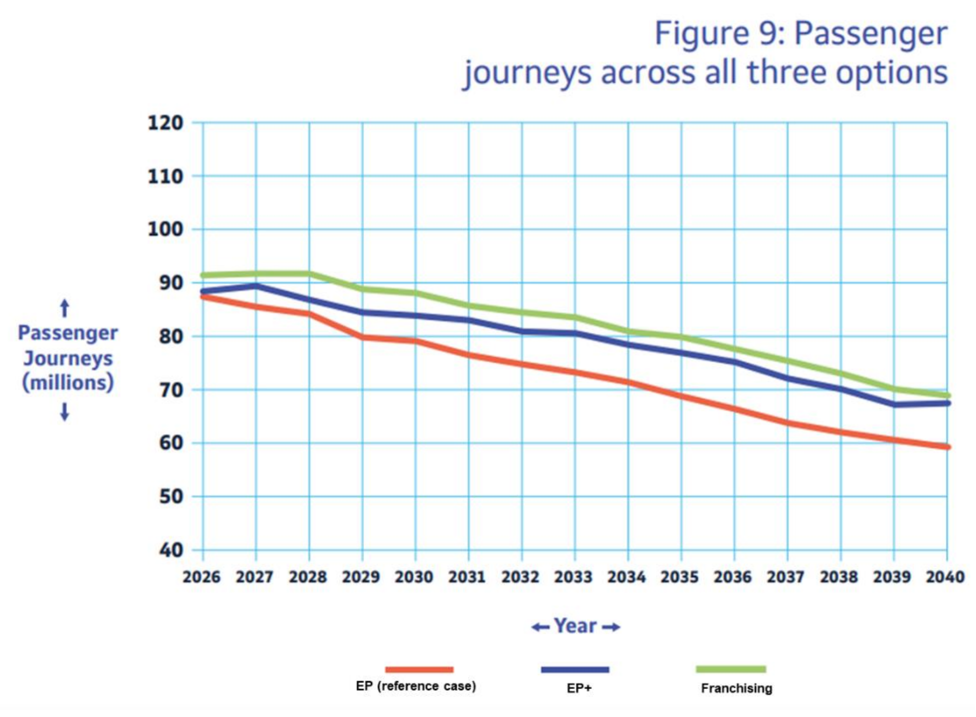
although the Combined Authority does not disagree with the point that the scheme would draw down on the public purse (presuming this to mean public funding to support bus services – which the funding streams used in the Assessment are clearly detailed in section 3 of the financial case for each reform option). On the point about additional funding, section 3 is clear to outline which funding sources are proposed to be drawn on for each reform option, none of which are additional to funding sources already drawn on to deliver bus services in West Yorkshire currently. A number of additional funding sources are referenced in paragraphs 3.3.8 and 3.3.9 of the financial case, that could be considered by the Combined Authority, but none of these are modelled in the assessment.

That Figure 9 of the Consultation Document has missing labels

7.2.19. First West Yorkshire & Peak District National Park Authority highlighted in their response that Figure 9 of the consultation document was missing labels to the colours in the key and so therefore was not adequately labelled.

7.2.20. The Combined Authority acknowledges that the labels were missing. The Combined Authority notes , that the Peak District National Park Authority in their response correctly identified what the labels should have been “*Figure 9 does not include labels for the three lines, but it is assumed that red =EP, blue = EP+ and green = franchise*”. Stagecoach also make reference to this figure in their response, using the figure to state that “under the current proposals patronage is still forecast to decrease significantly over the length of the franchises (Consultation Document, Page 98, Figure 9)”. The consultation document also does refer the reader to section 8 of the Financial Case which contains a further version of this figure (Figure 19) which has the correct labels. The Combined Authority is therefore satisfied that whilst the labels were missing consultees were able to understand the figure, and the relevant information was made available to all consultees through Figure 19. . A corrected table with the missing labels is reproduced below:

Figure 7.1 Correct version of Figure 9



That Table 11 of Section 4.4.6 of the Consultation Document is incorrect

7.2.21. First West Yorkshire also state “*Table 11 of Section 4.4.6 of the Consultation Document is incorrect, with High Demand and Upside Funding resulting in less comparative journeys than High Demand and Downside Funding*.” Table 11 is replicated below as it appears in the Consultation Document.

Table 11 – Comparative Journeys: Percentage of EP Reference Case Journeys provided by Franchising under All Funding and Demand Scenarios

Scenario	Low Demand	Central Demand	High Demand
Downside Funding	9.87%	13.03%	16.02%
Base Funding	10.26%	13.03%	15.63%
Upside Funding	10.85%	13.72%	15.33%

7.2.22. In response to this point, in considering these numbers it should be remembered that the demand and funding scenarios apply to the EP Reference Case as well as to the Franchising Option. The result presented (15.33%) for the High Demand and Upside Funding is a percentage increase on a higher number of Reference Case journeys than that for the High Demand and Downside funding (16.02%) which is therefore showing an increase from a lower number of Reference Case journeys. Table 11 is therefore not incorrect. Table 9 of the Economic Case shows that the bus demand in 2041/42 under Franchising for the High Demand and Upside funding scenario is 85 million, which is higher than the 74 million under the High Demand and Downside funding shown in the same table. The key purpose of Table 11 is to show that the Franchising option is forecast to carry more passengers than the Reference Case across the funding and demand recovery scenarios.

Inflation assumption

7.2.23. Connexions made the following point in relation to inflation in response to Q36: "*Based on the current forecasts this may be the case, but the way interest rates are currently increasing, and the pressure on wages we are currently seeing, would this be sustainable if this continues? A forecast made 2 years ago would never had assumed wages would increase by nearly 25% over this period* "

7.2.24. The Combined Authority recognise that high inflation is currently forecast, and that a smoothing approach has been taken, as detailed in the financial case. At paragraph 4.8.5 of the financial case this is explained as "*Because of the volatility of indices in the short term, the Combined Authority has chosen to 'smooth' the impact of inflation in the early years, to avoid significant volatility in the budgets available for bus services*". This has been done to recognise that not all of the inflation impact is felt immediately, and that, as has been the case over the recent period of increased inflation, there has been an element of costs that have been absorbed rather than directly increasing the cost of services or fares to customers. It is recognised that this is an assumption, and that if inflation was to be greatly different, this would impact across all reform options, and would require decisions to be taken to stay within budget. Some of this is tested through sensitivities in section 9 of the financial case, and also in the responses to the observations of Grant Thornton (referenced in the earlier section on *Modelling of the impact of a pandemic type event,* with less budget available (which could mirror the impact of higher than anticipated inflation).

7.2.25. The Combined Authority therefore recognises that there are risks associated with the possible future impact of inflation, but that these risks are common to all reform options, and that there may be some benefits in the Combined Authority being able to take decisions across the whole West Yorkshire network rather than through tendered services for example in dealing with inflation more effectively across a suite of similarly procured contracts with operators, managing across the whole of franchise agreements, rather than for individual single service contracts

Assumption on farebox revenue

7.2.26. J&B Travel make the following point about the assumption that the Combined Authority will have access to farebox revenue. "*Advising in 4.4.4 that through farebox you will have higher funding source through farebox is incorrect if passenger numbers decline so does farebox revenue*". The point made in the section of the financial case is that under franchising the Combined Authority would receive the farebox revenue across franchised services, which would be an increased funding source compared to under the current EP where the Combined Authority only receives a small amount of farebox revenue through tendered contracts. It is correct that a decline in passenger numbers over time would likely result in the amount of farebox revenue also declining, and this is modelled in the assessment, however the statement made on the Combined Authority having access to farebox revenue as an additional funding source is still correct compared to the reference case.

7.2.27. Transport Focus also make a point on farebox revenue, that franchising could cope better with a drop in revenue, and offer more stability to passengers. Whilst it is clear from the assessment that franchising alone does not prevent forecasting of reduced passenger journeys over time, it is considered in the Strategic Case (section 4.9 of this report) that one of the benefits of franchising is an increased level of control and certainty which could be beneficial in delivering a more stable network.

Combined Authority response

7.2.28. The Combined Authority has considered comments in relation to a number of assumptions and modelling in Assessment Financial Case and is satisfied that the approach undertaken has been done compliantly with the requirements of guidance, providing further responses to individual comments made to explain how this has been done. It is recognised that a number of comments were made about the assumption of ongoing passenger decline under all options, and that the Combined Authority shares the view of many that this is not its ambition for the network. However, in order to provide a consistent basis to compare regulatory options, this assumption has been used as it concurs with the long term trends.

7.3. Theme 2: funding and finance sources

7.3.1. A number of consultees made comments with regard to the funding and finance sources available to the Combined Authority. Some consultees raised points about the uncertainty over the availability of Government funding in general terms, whilst others raised points about specific sources.

7.3.2. On general comments, a number of consultees, including Bus Users UK and Campaign for Better Transport raised points about whether funding would be available under the current Government or a future Government, and that this funding would be required to give long term confidence in the scheme.

7.3.3. The conclusions of the financial case are that the franchising scheme is affordable to the Combined Authority, and the scenarios and sensitivities used provide assurance that this remains the case even with a reduced budget. Notwithstanding that, it is recognised that long term funding certainty, and further investment from Government in bus services, are developments that the Combined Authority would wish to see happen, and as modelling demonstrates an increase in budget available would allow more passenger journeys in particular to be realised under each reform option. What the assessment has looked to do is to compare the options without assuming further budgets or funding schemes are available than are currently, given they are uncertain and potentially hard to predict, and that this approach is sufficiently cautious to provide confidence to decision makers in taking a decision. This recognises that over time the number of journeys is expected to continue to decrease under all reform options, without further interventions being made. Bus Users UK make a particular point in their comments about all franchised services, as opposed to under an EP+ model, being reliant on public financial support. This particular comment is responded to in section 7.5 of this report.

7.3.4. TLC make a point that "*General public canvassing should ask if an increase in council and other taxes would be tolerated to bring buses back under public control with improved services.*" And J&B Travel "*the franchise system doesn't work if it did the biggest franchise TFL continues to go cap in hand to central government and that our capital city.* "

7.3.5. On the point made by TLC the assessment assumptions are for the calls on council and other taxes to be the same under all reform options, or in the reference case. It is not proposed that additional increases or taxes are made to deliver franchising. Likewise on the point made by J&B Travel, the assessment has been modelled on the basis of the budget available for bus being largely the same and consistent for all reform options, and therefore the affordability of the franchising scheme is not based on further central government funding.

Specific sources

7.3.6. The Transport Levy was one such source, with comments made that the levy has not increased in recent years despite increased costs to services. The responses on behalf of Globe and Station Coaches, and the responses from Ross Travel Group and Dales and Bowland CIC all raise the same point *"A further challenge is that there has been insufficient financial investment in supporting the operation of non-commercial bus services, with the Transport Levy having been held at the same level despite large increases in the cost of providing services. The proposed franchise option offers little to change this."* Arriva on the other hand, state that: "*The Transport Levy is made up of contributions from the Local Authorities and therefore comes directly from residents of West Yorkshire, any increase in the levy would likely need to be realised by an increase in local taxes. The Transport Levy has been held at its current level for a number of years during which unprecedented levels of inflation have been seen, resulting in a real term cut in the Levy. Additionally, as a number of Local Authorities are facing critical budget challenges, it seems unrealistic for this levy to be maintained in line with inflation in future years."*

7.3.7. First West Yorkshire also made reference to the drawing on reserves and the Single Investment Fund but suggest that no details are provided.

7.3.8. Bus Service Operator Grant (BSOG) was also referenced, with CPT stating that "*The Assessment suggests that BSOG would remain with operators, so makes no difference in terms of delivery model."* Arriva make a point that "*BSOG and Government Funding are also expenditure from the public purse, and similarly any increase in these funds would need to come from there*". And First West Yorkshire "*BSOG is assumed to continue for the franchised period. BSOG funding is to be reformed subject to a consultation expected in 2024, such that this assumption is flawed.*"

7.3.9. ZEBRA (Zero Emission Bus Regional Areas) was also raised by both CPT and First – with CPT suggesting that: *"The Assessment suggests that WYCA may be eligible and/or have the ability to apply for Government funding in the form of grants, subsidies or funds. Following a franchising decision, the Assessment suggests that there may be the ability for WYCA to apply for Government funding initiatives which will be available at that time, including ZEBRA funding. None of the above has any certainty attached to it, and therefore should not be taken into account."* First West Yorkshire, through the Oxera report suggest that the Combined Authority's assumptions regarding future ZEBRA funding are too optimistic.

7.3.10. First West Yorkshire's response also makes reference to a decision in November 2023 on HS2, and suggest that as a result "*the low and central estimates can be considered to be unduly pessimistic*".

7.3.11. On points regarding the Transport Levy, it is recognised that the levy has been held constant in recent years, and the Assessment also makes an assumption, in line with medium term financial plans of the West Yorkshire five local authorities that the levy will be held constant until 2025/26 (see section 4.8 of the financial case on indexation). It is therefore not contested that this does pose a challenge currently to investing in non-commercial bus services, nor that introducing a franchising scheme would alter the available levy (which is modelled at the same amount for all options). However it is contested that introducing a franchising scheme would have no impact on delivery of services, as the forecasting clearly indicates that more passenger journeys would be delivered than under the reference case.

7.3.12. In response to the point from Arriva that it is unrealistic that the levy is maintained with inflation, the Combined Authority would also agree, and therefore have taken an assumption that post-2025/26 the levy would rise at 2% per year (below the smoothed inflation assumption for the period to 2030. The downside scenario used in the assessment tests what the impact could be if the bus budget was reduced further than that, and as discussed earlier in this chapter, in response to the Audit undertaken by Grant Thornton further testing of this downside scenario was carried out. It is not contested that a rise in the Transport Levy of any kind would be sourced from an increase in local taxes, as this is the mechanism through which local authorities raise their budgets.

7.3.13. On the point made by First West Yorkshire on the drawing on reserves and the Single Investment Fund, the financial case provides a reference to the West Yorkshire Single Investment Fund in footnote 11. As outlined in the West Yorkshire Investment Strategy, the Single Investment Fund "*has been designed to ensure it supports delivery of the Combined Authority's strategic objectives and provides an opportunity to create a 'single pot' which brings together the Combined Authority's funding, including legacy and new funding streams secured as part of the devolution* *agreement. The aim is to give greater local freedom and flexibility over how to prioritise investments to fully realise the region's ambitions*."

7.3.14. Section 3.5 of the Financial Case of the Assessment outlines that the Single Investment Fund would be utilised as the source for funding the Transition Costs for delivering either the EP+ or the Proposed Franchising Scheme. The Combined Authority has confirmed that there are sufficient funds available within the Single Investment Fund to meet these costs. As outlined in that section, transition costs include:

- Consultancy and management costs;
- Early mobilisation of procurement resources and additional management;
- IT system costs; and
- Provision for risk.

7.3.15. The financial case also suggests that reserves could be used to fund capital investment (see paragraph 3.5.1 of the Financial Case). However as is outlined in the financial case it is not assumed that reserves are used for this purpose, with the proposal that capital investment under the Proposed Franchising Scheme would be funded by prudential borrowing.

7.3.16. On the points raised on BSOG funding, the point made by CPT is recognised as reflecting the position in the assessment, stated in paragraph 3.3.7 of the financial case, although it is also referenced in that paragraph that BSOG could be devolved to the Combined Authority. It is not believed that this devolution would have a significant impact between reform options. It is not contested that increases in BSOG is public expenditure, as it has been up to this point. The suggestion made by First that the assumption that BSOG continues for the franchising period is flawed is contested. Whilst it is recognised that no Government funding source is certain in the future, it is prudent and reasonable to base the financial case on assumptions of the funding that is currently known to be in place, rather than attempting to hypothecate what decisions may or may not be taken as part of future reviews. It is also worth highlighting that The Bus Services Act 2017 franchising scheme guidance specifically asks those undertaking an assessment of a franchising scheme to consider "how devolved BSOG would be used", and so therefore it is considered a relevant assumption. First West Yorkshire also do not offer any explanation of how any replacement for BSOG funding would differentiate between EP+ and franchising in a way that altered the current funding balance, so it is difficult to assume that there would be a different impact across the reform options of future change.

7.3.17. On the suggestions regarding the assumption on ZEBRA, this assumption applies equally to all reform options, and therefore if the suggestion from CPT was followed, these would have to be disregarded for all options (noting that CPT make the point that they would be equally available under EP or EP+). The Combined Authority does not believe the assumption that ZEBRA funding will continue until the point that the cost of vehicles (diesel and ZEV) normalise is unreasonable, on the basis that ZEBRA funding has been available historically to support Government's policy commitments to meet Net Zero, it is therefore the Combined Authority's view that it is reasonable to assume these will continue. In the event that ZEBRA funding did end, this would apply to all options and result in either operators or the Authority needing to reconsider the approach to ZEV (for example, increasing financial capacity for a higher financing requirement, or to reprofile acquisition profiles).This point is also included as part of the further detail in response to the consultation response from First West Yorkshire in Appendix 5.

7.3.18. On the point raised about recent HS2 announcements, this is something that has taken place since the assessment was completed and published for consultation, however it remains the case that the Combined Authority has not gained any certainty on long term sources of funding that could be utilised for supporting the revenue costs of delivering bus services on a long term basis, given also that funding for HS2 is capital funding and not the revenue funding that would be required to support bus services.

Alternative Sources of Funding

7.3.19. The Campaign for Better Transport submission referred to a number of proposed alternative sources of funding which consideration should be given to: a mayoral precept, a workplace parking levy or additional parking charges, road tolling. Better buses for West Yorkshire also made supportive comments on a mayoral precept and on Community Municipal Investments.

7.3.20. Leeds City Council also made the following statement: "*We would note that with regards Local Authority contributions, LCC would be prepared to consider investigating methods to further support bus services, and how they may contribute to paying for better services in Leeds."*

7.3.21. First West Yorkshire suggest that additional council tax charges may not be acceptable, suggesting that the EP+ option does not require additional support.

7.3.22. In response to these comments on alternative sources, the financial case of the assessment outlines that other mechanisms could be considered by the Combined Authority or by local authorities to support bus services, but recognises that these would be subject to further decisions and so have not included these as part of the assessment model. In response particularly to the comment raised by First West Yorkshire, additional new Council Tax charges have not been suggested, but as discussed in response to comments regarding the Transport Levy at paragraphs 7.3.11 and 7.3.12 this contribution is forecast to rise at a rate of 2% per year after 2025/26, across all reform models, representing a less than inflation increase on the current contributions. . It is worth clarifying that this forecast is proposed to be the same across all reform options and the reference case, and so therefore would apply equally to the EP+ option as the Proposed Franchising Scheme.

That a lack of financial stability poses a risk to network sustainability

7.3.23. Bus Users UK state that "*The potential risk of declining services and bus mileage due to a lack of long-term financial stability poses a threat to the overall network's sustainability*".

7.3.24. The Combined Authority recognises that this is a potential source of risk for all reform options, and this is recognised in the modelled forecasts for passenger journeys. In the assessment of options it is the Proposed Franchising Scheme that carries the most passenger journeys over the appraisal period, but as referenced in the conclusion of the financial case this comes with additional financial risk to the Combined Authority. We will pick up financial risk to the Combined Authority in section 7.6 of this report.

The Combined Authority's response

7.3.25. The assessment has been approached to compare the options for reform without assuming further budgets or funding schemes are available than are currently This approach is deemed sufficiently cautious to provide confidence to decision makers in taking a decision. This does recognise that over time the number of journeys would continue to decrease under all reform options, without further interventions being made, which was highlighted in a number of comments about ongoing funding stability. It is also understood that there is uncertainty of these sources, and that any decision to explore alternative sources would need to go through separate decision making. Contrary to comments provided by some consultees, it is not the Combined Authority's view that existing grant programmes like BSOG and ZEBRA should be excluded, given they have been in place for significant time and align with key policies such as on Net Zero. These are treated consistently to all options and the risk of their withdrawal would also apply to all options.

7.3.26. Uncertainty effects all of the reform options, but it is still felt to be a prudent assumption to base the financial case on assumptions of the funding that is currently in place. The Combined Authority will need to actively manage these financial risks under all options, as part of the usual requirements for strategic financial management across all the organisation's activities.

7.4. Theme 3: costs of implementing the Proposed Franchising Scheme

7.4.1. Consultees provided comments on the proposed costs of implementing franchising, in some cases referring in general to "costs" and in other cases referring to particular types of costs.

7.4.2. On general comments, Bus Users UK make the following comment "*The costs of a franchising scheme are also far higher to the public purse and services would be at risk of being cut if local authority budgets come under pressure, so this seems like a higher-risk option which offers more jeopardy to passengers, an issue not addressed in the document."*

7.4.3. J&B travel also make a comment that "*the outgoing cost brought by franchise means WYCA will be no better off*".

7.4.4. Lancashire County Council said "*The development of a franchised model will require significant funding and resources to deliver*."

7.4.5. On specific comments, a number of respondents made reference to the Transition Costs required to deliver the Proposed Franchising Scheme. 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+. First West Yorkshire suggest that the Transition Costs should be reassessed, based on a comparison with Greater Manchester where the transition costs are higher.

7.4.6. Some comments also specifically split out capital costs of the Proposed Franchising Scheme, in some cases linking these to transition costs and in other cases as a separate point. Points made in criticism of these costs focussed on similar themes to the transition costs, in being high and avoidable under the EP+ model, and South Pennine Community Transport suggest that the public has not asked the Combined Authority to make this investment. Arriva also specifically suggest that the assessment has not accounted for some costs: "*The estimated £252m for fleet and £85.5m for depots is a significant expenditure for the public purse and does not appear to account for additional investments such as infrastructure to develop depots to be suitable for zero emission vehicles, or for the acquisition of other assets such as bus stations not already owned by the CA.*"

7.4.7. Other comments pick up the ongoing costs of franchising, for maintaining and developing and the ongoing management costs of delivering the scheme. These were predominantly made by Bus operators, who in some cases also made the point that such costs are avoidable under the EP+ option. In the DJS Research report comments from members of the public are identified to have raised points about the management and set up costs of the scheme and the concern that these would be passed on to the public or passengers.

7.4.8. A specific point is also made in relation to the cost of delivering cross-boundary services, with TfGM asking for "*clarity on the potential funding of services that cross the boundary between TfGM and WYCA*".

The Combined Authority's response

7.4.9. The Combined Authority recognises that there are costs in implementing the Proposed Franchising Scheme and that these have been detailed in the financial case. It is not disputed that there are higher costs to the Combined Authority in delivering franchising than the EP+, in particular for transition, capital investments and ongoing management costs. However, the Assessment concludes both that these costs are affordable to the Combined Authority, with the sources of funding identified, that the benefits resulting from that investment are high, as outlined in the Economic Case in particular, and that the ongoing management costs are required based on the additional responsibilities that the Combined Authority would be taking on, as detailed in the Management Case.

7.4.10. In response to the particular point made by Bus Users UK that services would be at risk of being cut under franchising if local authority budgets came under pressure, this is a risk to all cases. Over time, as modelled in the assessment, the Combined Authority would be required to support a greater proportion of the network under both the reference case and the EP+, and so pressure on the available budget for supported services in particular would create risk of service cuts. As identified in the Strategic Case (see section 4.9 of this report) the ability of the Combined Authority to manage these risks across the whole network under franchising rather than reacting to decisions to reduce services by operators, would allow for a more coordinated approach to mitigating such risks than in the alternative options.

7.4.11. On the point raised about transition costs being lower than identified for Greater Manchester, the Combined Authority's Financial Case includes a level of transitional costs which is based on a bottom up assessment of the requirements for West Yorkshire, drawing on advice from external advisers as well as the relevant similar requirements of other Authorities. A comparison to Greater Manchester, is not suitable given the significant differences in geographical area, scale of network / operations and the underlying requirements of the respective Authorities / Operators (e.g. technology requirements), including for example:

- Size of network / PVR
- Size of proposed Authority management / functions (total FTEs)

7.4.12. In the Greater Manchester Franchising Assessment for example, it was assumed that a high amount of IT related costs would be required. This took the form of £14.9m of Electronic Ticket

Machines & AVL, £7.7m of on-bus equipment and a further £19.6m of Information systems cost. The Combined Authority do not anticipate requiring this amount of cost to be spent on IT related systems, based on a bottom up assessment of systems. For all of these reasons, therefore, a direct comparison between Greater Manchester Combined Authority and West Yorkshire Combined Authority is not appropriate.

7.4.13. It is worth noting that Liverpool City Region's recent Franchising Assessment had transition costs which were more broadly similar at £27.4m, and although again there are significant differences that mean that use of a bottom up assessment is still considered to give a more appropriate value for the purposes of the West Yorkshire bus reform assessment, rather than comparison with other authorities' assessments.

7.4.14. On capital investment, it is recognised that the Combined Authority would be making investments under the Proposed Franchising Scheme, and that this has been considered an important part of ensuring competition for franchising contracts, as outlined in the commercial case of the assessment. On the points raised about whether this has been asked for by the public, it can be noted that the majority of public responses to the bus reform consultation have been supportive of introducing the Proposed Franchising Scheme as outlined in the assessment, which includes the Combined Authority undertaking this investment. It is also worth to reinforce that the financial case considers that those investments are affordable within the available budget, and that the franchising scheme delivers higher numbers of passenger journeys as a result.

7.4.15. In response to the points raised by Arriva, on accounting for infrastructure to develop depots for Zero Emission Buses investment in infrastructure for zero emission buses is factored into the capital costs of depots, with an assumed cost of £16,250 per ZEB (see section 7.3.17 of the financial case). On the point about acquisition of assets such as bus stations, it is not clear what other assets are intended beyond bus stations, but in the specific case of stations it is correct that this is not factored into the core costs of any of the reform options. A number of bus stations in West Yorkshire are not owned by the Combined Authority, and as would be the case under all options, should the owner of those assets determine that they do not wish to utilise those assets, then the Combined Authority would need to consider what alternative arrangements to put in place.

7.4.16. On the point raised about the cost of delivering cross-boundary services, these would not be subject to franchise contracts as outlined in section 3.4, and therefore any funding decision would be subject to current arrangements for supported services. However supporting cross-boundary services is not currently a significant cost to the Combined Authority, as only a small handful of services receive direct funding support from the Combined Authority less than 0.5% of the supported services budget). The Combined Authority would look to work with neighbouring authorities on appropriate solutions for services, and are happy to pick this up with neighbouring authorities.

7.5. Theme 4: cost of implementing the EP reference case or the EP+

7.5.1. Similarly to the Proposed Franchising Scheme, a number of consultees made comments on the cost of implementing either the EP or the EP+. In some cases it isn't clear whether respondents make a distinction between the EP Reference Case or the EP+.

7.5.2. As highlighted in the DJS Research report, members of the public who commented on this theme had split views, with some suggesting that the EP+ would provide better value for money or be worth the investment, whilst others suggested it represent poor value for money or was not as beneficial as franchising.

7.5.3. Bus Users UK made reference to the requirement for long term funding for the EP+ model to support and sustain the network, but that the risk is higher for franchising. They also make a separate point that: *“The Economic Case indicates that the EP+ may lead to an increase in services operated on a "supported service" basis. This implies that, over time, more services may require financial support from WYCA to remain operational. The implications of this shift, including budgetary considerations and the ability to allocate resources effectively, need careful examination. However, under a franchising model, ALL services would be reliant on financial support from WYCA.”*

7.5.4. Squarepeg take a different perspective on the point on supported services, highlighting the position that the Combined Authority would be in around future supported services: "*EP risks the public purse being held to ransom when an operator withdraws a service and the WYCA are obliged to plug the gap at short notice*."

7.5.5. Calderdale Council make the point that the EP+ model is cheaper than franchising and delivers benefits above the EP case. Leeds City Council recognise that the EP+ is affordable and lower risk. However both then go on to say that that EP+ is not their preferred option and does not match their ambitions for the bus network. Calderdale specifically make the point that "*if EP+ results in further contraction of the bus network as stated, the additional short-term funding for franchising should be well worthwhile in the longer term*". Leeds City Council also state that they require more detail on the proposed profit share mechanism under the EP+.

7.5.6. In indicating their support for the Proposed Franchising Scheme, Better Buses for West Yorkshire raise a concern over the ongoing costs of an EP model: "*Introducing public oversight through the Proposed Franchising Scheme appears to be a prudent financial choice, yielding nearly £1 billion in broader economic advantages for the region while enhancing control and accountability. However, we have reservations regarding the ongoing expenses incurred by the public due to inadequate services within the Enhanced Partnership framework. The current Financial Case overlooks these costs, alongside the escalating need for increased public funding, which, if factored in, would significantly bolster the financial argument for public oversight*".

7.5.7. Connexions make a point that under the EP+ model, operators would look to maintain services commercially where possible, but that tenders for non-viable services may increase "*there will have to be tenders for non-viable services, and this may increase, but all efforts will be made by the operators to ensure those services remain commercially viable that can be*".

7.5.8. First West Yorkshire made a comment that the cost of implementation and ongoing expenditure for the EP+ were not discussed with operators, and asked for a list of the "additional transition costs" and "Capital Maintenance Costs". They also suggested they could perhaps support the Combined Authority with mitigating additional management costs.

7.5.9. First West Yorkshire also made a comment seeking assurance on common costs between options having been fully accounted for. They further suggest that: "*No regard is given to how the costs of franchising could be 'repivoted' within the EP+ scenario, either as a cost-saving to the CA or to enhancing further the EP+ offering for customers of WY, within the budget available."*

The Combined Authority's response

7.5.10. The Combined Authority recognises the point made by Bus Users UK on long term funding, and would point to the assessment Financial Case results and figure 14, that illustrates the forecasts that more services would require financial support over time. The Financial Case does consider the budgetary impact of these, and the Economic Case considers how to allocate resources efficiently within the constraints of a de-regulated network model. The Combined Authority however does not concur that Franchising means all services would be reliant on public support, as although the intention is that the budget would be considered for the network as a whole, and whilst all contracts will pay operators to operate those services, regardless of the revenue generated by specific services, some of the services within the franchised network would continue to generate greater revenue than their cost of operation, and therefore would only require financial support because the revenue risk does not rest with the operator under the proposed model.

7.5.11. On the point raised by Squarepeg on supported services, it is recognised in the financial case that there is forecast to be a substantial rise in supported services and that this could have an effect on operations. Section 9.2 considers through a sensitivity test what would happen if operators requested higher margins for supported services in the future as one possible outcome. As also detailed in response to the observation of Grant Thornton during the statutory audit of the assessment, the Combined Authority has a duty to provide those secured bus services it considers appropriate to meet public transport requirements within its area under section 9A(3) Transport Act 1968, which may provide a further challenge to the budget.

7.5.12. The perspectives of Calderdale Council and Leeds City Council on the EP+ model are noted, and it is recognised by the assessment that both the EP+ and proposed franchising scheme are affordable to the Combined Authority, and both deliver benefits above the reference case. However the Combined Authority would agree that strategically the franchising model offers better control and certainty for the Combined Authority in meeting its overarching strategic policies and bus reform objectives and that over the longer term, as evidenced in the economic case, it would deliver significant benefits.

7.5.13. On the specific point raised by Leeds City Council on a profit share mechanism under the EP+, this is a proposal that has been made by a single operator, First West Yorkshire in their submission on the EP+. Appendix 1.3 to the Assessment contains all of the information that is available at this time from First West Yorkshire on this proposal: "*First West Yorkshire also commits, beyond the scope of the EP+, to the split of First West Yorkshire annual profits beyond 10% EBIT, on a 50/ 50 share basis for a minimum 5-year period beyond the EP+ implementation, between First West Yorkshire and WYCA. The NMG will jointly decide the best use of the 50% share received by WYCA."* Section 9.4 of the financial case considers a sensitivity of a profit share mechanism if applied to all West Yorkshire operators, and the analysis suggests that this would not mean that the EP+ would carry more passengers than Franchising.

7.5.14. The reference made by Better Buses for West Yorkshire to the benefits of the franchise scheme relate to the conclusions of the economic and financial case of the assessment. Better Buses for West Yorkshire's response suggests that there are additional financial costs accrued by passengers and members of the public under the existing EP that are not captured in the Assessment. The incremental user benefits of both reform options compared to the existing EP are part of the Economic Case, with these user benefits showing how generalised travel costs change between the existing EP and the reform options at a network level. The results of the Economic Case show that both options are forecast to deliver significant user travel time/cost benefits over the existing EP. These generalised costs capture changes in both travel time and costs of between the existing EP and EP+/Franchising. The financial case of the assessment looks specifically at the capital and revenue requirements of the options, not to consider wider costs (beyond those to support services) of delivering the existing EP.

7.5.15. On the point raised by Connexions, the Combined Authority welcomes this statement of commitment by an operator to maintain commercial services, and recognises the work currently done by operators. However, as also accepted in the comment, the modelling work suggests the need for greater support and that would increase pressure on supported services budget, which as outlined in the commercial case is not guaranteed to be done on a planned basis as the Combined Authority is required to react to decisions from commercial operators on service withdrawals.

7.5.16. In response to the comments from First West Yorkshire, the transitional, management and capital maintenance costs have been assumed at a level which is based on a bottom up assessment of the specific needs of the Authority of the Enhanced Partnership Plus option, including based on comparable precedents and input from the Authority's external advisers. The Financial Case, Management Case and Economic Case detail the specific assumptions underpinning the costs. For example, the additional management costs during transition can be seen in Table 6 of the Management Case document, section 3.2. These are costs that the Combined Authority have considered to be necessary to deliver elements of the EP+ from the Authority's perspective, and therefore that it was for the Combined Authority to determine these. The Combined Authority would of course explore whether costs across all options could be reduced, but in doing so also needs to be mindful of ensuring that where appropriate the Combined Authority remains independent from individual operators in the market which means for many roles sharing of resource with individual operators may be more difficult.

7.5.17. Common costs as they relate to the Combined Authority, including capital maintenance of Combined Authority owned bus stations and travel centres, staffing, administration and marketing are fully accounted for in all scenarios.

7.5.18. On the point of repivoting, as set out in the financial case, the bus budget for operational services is constant across all options (this includes repayment of borrowing for assets). The only one off costs of introducing franchising which are not included in the bus budget relate to implementation (such as preparing for and undertaking procurements, mobilisation, contract design, network design) are incurred over a short period in the context of a 30 year assessment (transition period is four years), and therefore would have little impact if "repivoted" into additional the EP+ services over this period.

7.5.19. Overall the Combined Authority is content that it has considered the costs to the Combined Authority associated with implementing an EP+ option, recognising there are uncertainties over the costs of some interventions which are subject to further detail.

7.6. Theme 5: Financial and Cost risks to the Combined Authority

7.6.1. The consultation responses contain comments on the financial and cost risks to the Combined Authority of introducing the Proposed Franchising Scheme. As with other areas, in some cases these are referred to in general terms, with a focus particularly on the increased financial risk to the Combined Authority, whilst other responses focussed on specific risks faced by the Authority as a result of introducing the scheme.

7.6.2. Of concerns raised by members of the public on the financial case, as detailed in the DJS Research report, the financial risk of introducing the scheme was particularly highlighted, with some suggesting there should be zero financial. Conversely however, a recognition of risk was also highlighted by members of the public who were supportive of the Proposed Franchising Scheme, who made suggests around risks being necessary. Some comments urged the Combined Authority to limit risks through the approach to contracts.

7.6.3. A number of consultees, including Peak District National Park Authority, Bradford Metropolitan District Council and Calderdale Council 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. Peak District National Park Authority caveat that this is assuming the modelling is accurate, and Calderdale Council assert that the risks must be managed.

7.6.4. Better Buses UK recognise that taking on the revenue risk can bring a predictable and stable revenue stream, but that it will require priority in annual budgets.

7.6.5. Conversely a number of bus operators point to the general financial risk transfer from operators to the Combined Authority, and that this is not justified for the benefits that are predicted from the franchising scheme. Specific reference is made to the revenue risk transfer under franchising, which they say would remove some of the incentives of operators and mean they were operating in a low risk environment. A number of operators also point to the EP+ and suggest that the majority of benefits can be achieved with the EP+ without the transfer of risk.

7.6.6. TLC and Connexions both make points that the ultimate risk of the franchising scheme is to the taxpayer and not to the Combined Authority. Connexions state: "*The CA isn't taking the risk- the risk is wholly being taken by the taxpayer as the taxpayer effectively funds the CA*". There was also a comment from Connexions on the pressure this can put on other spending of the Combined Authority, especially if costs have been underestimated.

7.6.7. Action for Yorkshire Transport make a different point on risk, pointing to risks already sitting with the Combined Authority in the current model: "*It is also relevant that the public are already substantially investing in bus services through public subsidies – which is a 'financial risk'. Under the current system there are many examples of bus companies cutting a bus service that they decide isn't profitable and then WYCA must subsidise it. It can therefore be argued that the Combined Authority does not have the control, BUT ends up with some of the 'financial risk.' An Enhanced Partnership would not change this*."

7.6.8. CPT and Connexions also reference specifically the risk of borrowing that would sit with the Combined Authority in the Proposed Franchising Scheme. CPT state "*Borrowing, even with low interest rates, is costly and a huge burden for WYCA to take on.*"

7.6.9. Stagecoach suggest that increasing service levels is required in response to the financial risk of the franchising scheme "*Under Franchising the risk and decision on funding will sit with WYCA. We believe that delivering a step change in service levels to drive modal shift and increase passenger numbers, beyond what is currently forecast, would be the best approach to meeting the funding requirements*."

7.6.10. Not explicitly only concerning financial risk, First West Yorkshire in their Oxera report state that in their view '*WYCA is likely to have underestimated the implementation risks of Franchising*.' In addition to this, as referenced in the DJS Research report, First West Yorkshire reference a number of risks that they assert have not been addressed, such as a lack of specificity regarding how Franchises would deliver the required outcome, the potential to incorrectly evaluate tenders and the potential lack of bids if lot competitions are staged incorrectly.

7.6.11. And CPT also suggest that there are future risks due to cost uncertainty: "*Future risks and costs are of course uncertain and can have significant influence on cost i.e. energy and fuel; further the full life cost of Zero Emission buses also is not fully known at this stage.*"

The Combined Authority's response

7.6.12. The Combined Authority recognises the significant risk involved in delivery of the Proposed Franchising Scheme. To this end, the Combined Authority detailed its approach to risk management, as well as identification of risks and associated mitigations under both options, within Section 6 of the Management Case 'Risk'. This included a summary of its Corporate Risk Management Strategy (2020) which was also provided in full as Appendix 5.4 to the Assessment. Key risks identified in delivery were:

- 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.

7.6.13. In addition, as described in more detail in Section 8.5 of this report, the Assessment is also underpinned by a robust approach to risk analysis which assesses the impact of key risks on the ranking of regulatory options, including scenario and sensitivity analysis carried out in the financial case (and also the economic case).

7.6.14. In addition to this robust analysis of risk in the assessment, the Combined Authority has already developed a detailed programme risk register which sets out the key implementation and operational risks associated with the both the Proposed Franchising Scheme and the EP+, which it will use as a tool to manage risks associated with the selected Bus Reform option.

7.6.15. On points raised with regarding revenue risk, the Combined Authority will take on revenue risk under franchising and this has been detailed in the financial case and sensitivities performed. As is detailed in the response to Grant Thornton's observation on revenue risk, it is acknowledged by Grant Thornton that this has been explained to decision makers as a key risk of a franchising scheme. As is highlighted however in the comment by Action for Yorkshire Transport, and also detailed in the financial case of the assessment, under the EP+, as the number of supported services increases the Combined Authority also is increasingly exposed to revenue risks, without the same level of control. This is also relevant to the comments from TLC and Connexions, recognising that taxpayers already support bus services and therefore there are risks under all options that an increasing requirement to support buses impacts on the Combined Authority's ability to fund other priorities, It is therefore the view of the Combined Authority that comments made by operators that there is no transfer of risk under the EP+ model is not correct, albeit it is acknowledged that the Combined Authority takes greater risk responsibility under franchising, and this would need to be managed.

7.6.16. The Combined Authority recognises the point that the Combined Authority will take on increased borrowing risk under franchising, and that this risk is considered in Section 9 of the financial case. As pointed out in the financial case, risk on borrowing under other options falls to the private sector, who would face risks similar to the Combined Authority in terms of increasing costs of borrowing. As outlined in the commercial case, the provision of assets is considered an important factor in driving competition for franchising contracts, and so therefore is considered a necessary risk for the Combined Authority to take on.

7.6.17. On the point raised by Stagecoach about delivering a step change in service levels, the Combined Authority share the view on wanting to drive modal shift and deliver increased passenger numbers. However, in order to compare the regulatory options and to consider the affordability of delivering these, it has been assumed that the same sources of funding are available as are currently.

7.6.18. On the suggestion by First that the Combined Authority has underestimated implementation risk, and the specific risks that they raise as not having been considered, these are dealt with in detail in Appendix 5.

7.6.19. The point raised by CPT on uncertain future costs is not disputed. However these uncertain future risks and costs are common to all options, albeit that they might sit with different parties. and would clearly need to be managed within ongoing risk management approach.

7.6.20. The Combined Authority is therefore comfortable that it has assessed and understood the financial cost risks to the Combined Authority of introducing a franchising scheme, and highlighted this increase level of financial risk responsibility through its assessment.

7.7. Theme 6: Financial and cost risks to Local Authorities

7.7.1. In addition to points raised under the previous theme around the financial and cost risk being a risk on local taxpayers, a number of specific points were raised with regards to the financial and cost risks to the Local Authorities in West Yorkshire.

7.7.2. As detailed in the DJS Research report, some members of the public made comments on whether local authorities could afford to fund the scheme.

7.7.3. J&B Travel make reference to the austerity faced by local authorities as a reason that EP+ should be tried instead of franchising. Bus Users UK instead point out that under a franchising scheme "*services would be at risk of being cut if local authority budgets come under pressure*"

7.7.4. Kirklees Council focus on additional financial risks and state that they "*are unable to underwrite any additional financial risk as part of a franchise or Enhanced Partnership+ scheme.*"

7.7.5. Bradford Metropolitan District Council look differently to raise a point about seeking to diversify the sources of funding "*WYCA should aim to diversify the sources of investment for the proposed Franchising scheme, and avoid relying on Local Authority rate contributions, especially when there is an opportunity cost to using these for that purpose*."

The Combined Authority's response

7.7.6. It is worth reminding that the general approach to the financial case looks at affordability of all reform options against the available budget – without suggesting further sources be provided by local authorities beyond the levy. This leads to a conclusion for the proposed franchising scheme and EP+, that they are affordable to the Combined Authority. In response particularly to the point on underwriting by Kirklees Council – this has not been asked for by the Combined Authority as part of the assessment.

7.7.7. Nonetheless the points raised on the financial constraints of local authorities are noted, and that therefore it is important that any future bus reform model can manage the risks associated with it and have appropriate governance in place to ensure decisions can be taken. The previous section on the approach taken to financial risk in the assessment provides confidence that this has been considered thoroughly in response to the possible introduction of a proposed franchising scheme.

7.7.8. In response particularly to the suggestion that EP+ be tried instead of franchising, this is not a conclusion shared by the Combined Authority. Whilst the financial case accepts a higher level of risk in introducing the proposed franchising scheme, it is considered to be affordable and offers clear strategic benefits and greater opportunity to achieve the Combined Authority's objectives and ambitions for West Yorkshire compared to the EP Reference Case and the EP+.

7.7.9. On the point from Bus Users UK that services would be at risk if local authority budget comes under pressure, this would be the case for all options and arguably a franchising scheme gives better mechanisms to manage this challenge by considering the network as a whole, rather than only its budget for support services (which as highlighted in the last section, are forecast to grow in number over time).

7.7.10. In response to the point from Bradford Metropolitan District Council on diversification of funding, the Combined Authority is open to looking at possible options going forward, providing that they can provide the certainty required to deliver the scheme. For the purpose of the assessment therefore only sources currently available to fund bus have been considered, as alternative sources would potentially be subject to further decisions. This does mean that under all options it may be possible to identify further funding sources over time, which will provide the Combined Authority with more opportunities.

7.8. Theme 7: financial benefits of the Proposed Franchising Scheme

7.8.1. Some consultees have provided comments suggesting that there would be financial benefits of franchising, and in some cases suggested that these have been understated in the assessment.

7.8.2. A number of comments from Leeds City Council, Wakefield and District Trade Union Council, Campaign for Better Transport and TUC made reference to the ability under franchising to reinvest in the network, either in improving the network or in cross-subsidising between services. Wakefield and District Trade Union Council make particular reference to profits of private operators: "*The point must be made that even with the current poor services hampering the lives of people of all ages across West Yorkshire- there have still been extensive profits made by the bus companies . These private profits are not reinvested into West Yorkshire's transport system, but instead are the profits for foreign owned companies taking the money out of our local economy.*"

7.8.3. Leeds City Council raised a particular question: "*With respect particularly to local contributions, we would welcome clarity on geographically hypothecating local revenue contributions and re-invested profits, whilst noting we recognise the challenges across the 5 districts*."

7.8.4. Squarepeg make a comment that "*once established, the stability and growth of franchising should allow better financial outcomes for the public sector with more revenue from passenger tickets.*"

7.8.5. This is countered by a comment by Ross Travel Group who state, "*The assumption is that if the Combined Authority has greater control over the way buses are run this will result in greater benefits – this has not yet been proved, and there is a financial risk if this fails to materialise*."

7.8.6. First West Yorkshire have also raised a point about how the assessment as a whole considers the benefits that can be achieved under the proposed franchising scheme as a result of control and certainty. "*Significant parts of the Assessment focus on the benefit of the CA having 'full control' and 'certainty' over all aspects of the bus network under Franchising (including investment, fleet specification, routes, fares, timetables, customer engagement and so on). However, little detail is provided on how the CA will utilise the additional control to deliver better outcomes for passengers and achieve its objectives*."

The Combined Authority's response

7.8.7. The Combined Authority agrees with the principle that under a franchising scheme reinvesting in services would be something that would be considered across the whole network, and the financial case demonstrates in the forecasting that franchising delivers more passenger journeys than the EP Reference Case or the EP+ (which agrees with the suggestion from Squarepeg on more revenue from passenger tickets).

7.8.8. It is important to note however that this does not mean that all desired network improvements can be achieved, as the scheme will need to work within the budget available. Decision making on the network will therefore be critical and will need to balance a range of factors.

7.8.9. It is also important to be clear that a franchising scheme does not remove operator margins, and the anticipated operator margins and sensitivities on these are discussed in the financial case.

7.8.10. On the ask for clarity on cross-subsidy from Leeds City Council, no such defined approach has been for implementing future decisions, but that the modelling has worked on the basis of considering investment in the network as a whole. Any approach to develop approaches to cross-subsidisation would need to consider how it contributes to the objectives for the bus network in West Yorkshire.

7.8.11. On the point raised by Ross, it is accepted that a de-regulated system has been in operation in West Yorkshire for a significant time and that therefore the assumed benefits of the assessment have not been proven in a West Yorkshire context. However it is worth highlighting that franchising is in place in many other parts of the world and has delivered effective bus services. The financial risk of franchising have been picked up in the previous section.

7.8.12. In response to the point from First on control and certainty benefits, this cuts across also paras 4.3.15 and 4.3.16 of the Strategic Case of this report as it is not only about the financial benefits of the scheme. The advantages to the Combined Authority of having control and certainty in part relate to its ability to specify bus services and fares on a 'whole-network' basis, as opposed to being required to react to changes in operators' service patterns with limited response options, for example procuring supported services to fill network gaps (where funding allows). In terms of how this translates into better outcomes for passengers, in addition to the higher level of service which is forecast for the Franchising option, this control will enable proactive decisions to be made which prioritise connectivity, allowing service planning under a single controlling function, rather than operator control of commercial services and at times reactive Combined Authority influence through supported service procurement. There is potential for efficiencies to be found in network delivery, with savings invested in further service-level increases. Control of bus service networks, also improves the (future) potential and efficiency for the Combined Authority to make service changes to complement wider policy initiatives and/or to take advantage of additional funding availability. There could therefore be further benefits financially of the proposed franchising scheme if additional funding became available, but as highlighted elsewhere these have not been assumed for the purposes of the assessment.

7.8.13. The Combined Authority is therefore content that it has understood and accounted for the financial benefits that could be realised through a proposed franchising scheme. Further development in delivery of a scheme will need to manage benefit realisation and the control and certainty of a franchising scheme would give the Combined Authority the levers to do this.

7.9. Theme 8: Value for Money / use of public money

7.9.1. A small set of comments received on the financial case cover issues closely related to the economic case in terms of achieving value for money or the use of public money more generally.

7.9.2. In particular, Arriva state "*We do not agree that the transition to, and ongoing expense of maintaining, a franchised bus market given the current and longer-term trends across the sector, will offer value for money to the public sector. It will expose the CA to revenue risk and there is no comparable evidence in the English regions which supports the assumption that a franchised bus network will deliver an increase in patronage demand and recovery.*"

7.9.3. J&B Travel make a comment that "*the reason franchise wins lower tenders with less vehicles means higher passenger per head so lower monies given from WYCA to operator and a good spin on mode*"

7.9.4. In the response attributed to Globe and Station Coaches and the response from Ross Travel Group the following comment is made on the success of joint management ventures: *"Most previous joint management ventures in PTE areas have resulted in worse outcomes at greater expense. One has only to look at TfL to prove the point."*

The Combined Authority's response

7.9.5. In response to the comment from Arriva, it is the conclusion of the economic case that the proposed franchising scheme does deliver value for money as assessed. It is not disputed that it will expose the Combined Authority to revenue risk, which would be above its current exposure in funding supported services, but that mitigations can be put in place to manage these risks in realising the potential benefits of the scheme. Although it is not claimed by the assessment, as discussed earlier in this chapter, that the proposed franchising scheme would achieve an increase in passenger demand over time, the conclusion of the financial case is that it could deliver a greater level of passenger journeys than under the alternatives

7.9.6. In response to the J&B comment, it is supposed that by lower tenders it is intended to mean the margins under franchising. Section 4.7 of the financial case clearly sets out the assumptions that have been used for margins, and more detail on the Combined Authority's response to different comments on margins is covered in the economic case section. References to less vehicles is not clear, but an explanation of the assumption on vehicles is provided in response to the points raised by First West Yorkshire through the Oxera report as part of Appendix 5. In considering both of these points, the Combined Authority does not agree that this is the subject of "spin", and that the results of the Proposed Franchising Scheme in the assessment are a reflection of the differences that can be achieved through introducing bus reform. These results have been the subject of the independent audit completed on the assessment.

7.9.7. It isn't clear from the comments from Globe and Station Coaches, and Ross Travel Group, but is assumed that franchising is being assumed as a joint management venture. This isn't the management approach proposed for the Proposed Franchising Scheme, with further detail of the management approach through the existing corporate structure of the Combined Authority set out in section 2.4 of the management case. That noted, it is also important to re-emphasise that the financial case of the assessment suggests that a franchising scheme is affordable and would deliver higher levels of benefits in terms of passenger journeys.

7.10. Financial Case Conclusion

7.10.1. The financial case section has considered the main themes of responses received by the Combined Authority through the consultation, with a strong focus on the costs of the reform options and the financial risks that are associated. The majority of these have concentrated on the Proposed Franchising Scheme, but some specific comments were also made on the cost and risks of implementing an Enhanced Partnership Plus.

Assessment assumptions and modelling

7.10.2. 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 along long term trends under all options was especially highlighted. It is the Combined Authority's view that the assumption has been applied consistently to support in comparing regulatory options for bus reform, which does not mean that it is the Combined Authority's long term ambition to see passenger numbers continue to decline, but that is valid to do for the purposes of the assessment as it is line with what has happened to the bus market over an extended period. On the point raised as to whether the level of benefits achieved justify the cost of introducing specifically the Proposed Franchising Scheme, the benefits of the scheme are adjudged to be high according to the economic case, and therefore do justify those costs.

7.10.3. Other comments in this section focussed on particular assumptions and modelling work, which the Combined Authority has explained how these have been dealt with in the assessment, 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 stakeholders it is not suggested that these missing labels caused a barrier to responses.

Funding and finance sources

7.10.4. 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.

7.10.5. In response to these points it was reaffirmed that what the assessment has looked to do is to compare the options for reform without assuming further budgets or funding schemes are available than are currently, and that this approach is sufficiently cautious to provide confidence to decision makers in taking a decision. This does recognise that over time the number of journeys would continue to decrease under all reform options, without further interventions being made, which was highlighted in a number of comments about ongoing funding stability. It is also understood that there is uncertainty of these sources, and that any decision to explore alternative sources would need to go through separate decision making.

7.10.6. Nonetheless, as in the majority of cases this uncertainty effects all of the reform options, it is still felt to be a prudent assumption to base the financial case on assumptions of the funding that is currently in place. The Combined Authority will need to actively manage these financial risks under all options, as part of the usual requirements for strategic financial management across all the organisation's activities.

Costs of implementing franchising

7.10.7. 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.

7.10.8. In response to these comments it was highlighted that the financial case demonstrates that these costs are affordable to the Combined Authority within the sources of funding and finance available. Higher costs to deliver franchising are recognised, such as capital as these are required commercially to deliver competition for contracts, and management, as the Combined Authority takes on additional responsibilities. These costs are considered necessary to deliver the benefits resulting from that investment, which as identified in the economic case are high.

Cost of implementing the EP Reference Case or the EP+

7.10.9. 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.

7.10.10. 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.

7.10.11. In response to the comments, it was referenced that the assessment has modelled that more services would be supported under either the EP reference case or Enhanced Partnership Plus over the long term, but that it has been considered affordable. The Combined Authority concurred on points raised that although affordable the Proposed Franchising Scheme delivers better against the strategic objectives than the Enhanced Partnership Plus. Responses were also given on the specific costs for the EP+, which were developed from a bottom up assessment of the specific needs of the Authority, and how the profit share was modelled as a sensitivity in the financial case.

Financial and cost risks to the Combined Authority

7.10.12. 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.

7.10.13. In response, it was referenced that the Combined Authority would be taking on an increased level of financial risk if a franchising scheme was introduced, but also that the risk on revenue impacts the Combined Authority in delivering supported services under other options. The approach to considering and testing risk in the assessment was explained and also the Combined Authority's approach to managing risk. In testing the impact of risks occurring, robust scenario and sensitivity analysis has been used to test the impact on the relativity of options in instances where risks occur. The Combined Authority conclude as a result that it has considered these risks in an appropriate way, and that these risks are understood and can be weighed against the benefits of the different reform options.

Financial cost / risk to local authorities

7.10.14. 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 were on the possibility for increased chargers to taxpayers and the current financial austerity of local authorities.

7.10.15. In response, it was highlighted that the financial case has looked at affordability of all reform options against the available budget – without suggesting further sources be provided by local authorities beyond those already drawn upon. It is also suggested in response to future pressure that introducing a franchising scheme could give greater levers to manage this challenge by considering the network as a whole, rather than only its budget for support services (which are forecast to grow in number over time)

Financial Benefits of franchising

7.10.16. 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.

7.10.17. The Combined Authority agrees with the principle that under a franchising scheme reinvesting in services would be something that would be considered across the whole network, and the financial case demonstrates in the forecasting that franchising delivers more passenger journeys than the EP Reference Case or the EP+. However the response also cautioned on the ability for the franchising scheme to realise all improvements, and pointed to the need to work within the budget available. It was also clarified that a commercial margin will continue to exist under a franchising scheme

Value for Money / use of public money

7.10.18. 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.

7.10.19. In response to this it is highlighted that the Combined Authority has conducted affordability and value for money analysis, based upon advice from the Authorities external financial advisers. Both the Value for Money and Affordability analysis has been audited by a separate set of external consultants. As a result, the Authority is confident that the analysis is robust and fit for purpose. The results of that have suggested that both the Enhanced Partnership Plus and Proposed Franchising Scheme do deliver value for money as assessed.

Overall conclusion

7.10.20. Responses on the financial case of the assessment have highlighted that there are concerns among stakeholders about the overall costs of delivering the Proposed Franchising Scheme and the risks that are associated with delivery. In relation to the costs, this chapter has considered specific points raised and can conclude that having considered these this has not altered the view that options remains affordable within the budget available and under different scenarios, with the Combined Authority having means by which future funding requirements can be managed. On the risks, specifically financial risk, the comments have reinforced the conclusion of the assessment that the Combined Authority would be carrying increased cost and revenue risks and more asset risk under the franchising model. However, the Combined Authority is of the view that such risks can be managed in line with its approach to risk management (outlined in the Management Case section 8.5), and as highlighted in public responses in the DJS Research report, that risks are recognised as being necessary to deliver the benefits of bus reform, which the assessment suggests franchising is forecast to provide greater passenger journeys than the alternative options.

8. Management Case

8.1. Introduction

8.1.1. This chapter identifies and responds to key themes arising from the consultation with regards to the Management Case.

8.1.2. The Management Case of the Assessment considers how the Combined Authority would make and operate the Proposed Franchising Scheme, alongside plans setting out the management of the EP+. The Management Case sets out how it would deliver and manage the bus reform options, setting out arrangements, risks and mitigations, management of the transition process and contingency plans.

8.1.3. In the short questionnaire the following question was asked:

Q6. The Management Case sets out how the Combined Authority would manage the Proposed Franchising Scheme. Do you have any comments on this?

8.1.4. Four questions were included in the long questionnaire focussed on the Management Case:

Q39: The Management Case sets out how the Combined Authority would manage the Proposed Franchising Scheme. Do you have any comments?

Q40: Do you have any comments on the approach to the transition and implementation of the Proposed Franchising Scheme, as set out in the Management Case?

Q41: Do you have any comments on the proposed approach to managing the EP+, as set out in the Management Case?

Q42: The Management Case concludes that with the additional competencies and resources the Combined Authority would be able to manage the Proposed Franchising Scheme through its existing organisational structure. Do you have any comments?

8.1.5. This section discusses issues raised in response to these questions through submissions to the Bus Reform consultation across emails, letters and the online questionnaire. The structure of this section reflects the key themes identified across these responses.

8.1.6. This section also looks to consider the wider public responses to the consultation which are quantified and analysed in the DJS Research report. Section 10 of the DJS Research report includes a summary of responses provided to these questions specifically, however the following section also includes analysis of points raised in response to other questions (or in freeform text) that the Combined Authority considers pertinent to the content of Management Case.

8.1.7. The DJS Research report showed that statutory stakeholders provided a range of comments and expressed varying views about how the Combined Authority would manage the Proposed Franchising Scheme, as set out in the Management Case, with a particular concentration of results from employee representatives (trade unions), bus operators and local district councils.

8.1.8. As per DJS Research's report, a total of 695 members of the public made comments on the Management Case. Around a quarter of these comments (166) expressed support for the Proposed Franchising Scheme and how it would be managed by the Combined Authority. Some of these comments went on to mention they hoped that bus reform will in fact lead to services improving as a whole (30), whilst other comments stated they preferred the Proposed Franchising Scheme option instead of an EP+ option (19).

8.1.9. A total of 39 comments were received about the need for the Combined Authority to work collaboratively and in partnership with West Yorkshire local authorities, as well as the public and local businesses, when it comes to route decisions to ensure everyone's needs are met. There was particular agreement with the need to employ additional staff to transition to and manage the Proposed Franchising Scheme (39), and this was seen as essential to effectively manage the service. Linked to this, some responses emphasised the importance of ensuring that these employees are skilled and experience in how to strategically and operationally run bus services (33).

8.1.10. There were a number of other comments which struck a note of caution with regards to the Management Case as set out in the Consultation Document, such as:

- The need to cover more routes (10);

- The prohibitive cost to introduce the additional staffing required through the Proposed Franchising Scheme (8), that it would be a waste of money which would be better spent elsewhere (5), and that it would put too much pressure on the public purse (4);
- The hope that service complaints will actually be heard and effectively dealt with (6);
- A franchising scheme is unnecessary (5);
- Overall disagreement with the Proposed Franchising Scheme (7) and a preference for an EP+ Scheme (4);
- Concerns over additional, 'top heavy' bureaucracy (5); and
- The need to consider cross-boundary services (5).

8.1.11. A smaller number of participants (70-85) chose to answer questions in the long questionnaire. These questions went into more detail and asked about the transition and implementation periods of the Proposed Franchising Scheme, management of the EP+ option and the conclusion that the Combined Authority could manage the Proposed Franchising Scheme through its existing organisational structure.

8.1.12. All comments received with regards to the Management Case are reflected in the key overarching themes that follow. The rest of this section is structured over the following overarching themes:

- Theme 1: Organisational ability to manage.
- Theme 2: Recruitment
- Theme 3: Management costs
- Theme 4: Managing risks
- Theme 5: Role of district councils and partnership working
- Theme 6: Future organisational change
- Theme 7: Consultation and engagement requirements
- Theme 8: the EP+ and alternative management proposals
- Theme 9: Employment

8.2. Theme 1: organisational ability to manage

8.2.1. A key theme emerging from consultation was comments on the Combined Authority's ability to manage the preferred option, the Proposed Franchising Scheme, as well as the EP+. This was in response to the Management Case's fundamental conclusion that the Combined Authority, with additional competencies and resources, would be able to manage the Proposed Franchising Scheme through its existing organisational structure.

8.2.2. These responses can be distilled further into seven subthemes:

- General comments
- Resource requirements
- Competencies, roles and responsibilities
- Skills and training
- Organisation / team structures
- Duplication of effort
- Transition
- Process and decision making
- IT and system requirements

General comments

8.2.3. There was general support from some stakeholders to the approach. For example, the National Parks Authority suggested 'the Management Case appears to be robust', Leeds City Council said it had 'confidence in the CA approach to management', and Action for Yorkshire Transport said 'we support the management of the bus network by the Combined Authority as put forward in the Management Case'. Furthermore, Transport for Greater Management said it "believes that the proposals to manage the Proposed Franchising Scheme look comprehensive and accurate to the requirements of managing such a scheme." Conversely some stakeholders expressed general concern with Squarepeg suggesting that 'there is work to do at WYCA to be ready for this role'.

8.2.4. As per the DJS Research report, from members of the public, there was particular agreement with the need to employ additional staff to transition to and manage the Proposed Franchising Scheme (39), and this was seen as essential to effectively manage the service. Linked to this, some responses emphasised the importance of ensuring that these employees are skilled and experience in how to strategically and operationally run bus services (33).

8.2.5. The Combined Authority recognises that its organisational ability to manage the Proposed Franchising Scheme is key to its recommendation to proceed with its implementation. It acknowledges consultees who provided general comments endorsing that the Management Case adequately sets out how it would enable this, as well as those who queried and expressed concerns about the detail provided.

8.2.6. Other stakeholders questioned the current responsibilities of the Combined Authority, as set out in the Management Case, for example First West Yorkshire asked ‘Reference is made in section 4.5.2 of the Consultation Document to the responsibilities of the CA currently including ‘Metro’ - what is meant by this? Reference is also made to ‘provision of frontline services’, ‘service development,’ ‘managing […] depots and fleets.’ FWY does not understand these to be current responsibilities of the CA and requests further details.’

8.2.7. The Proposed Franchising Scheme would undoubtedly mean an extension of its current responsibilities supporting the existing bus system, as set out in Section 2 of the Management Case. To clarify, ‘Metro’ is the customer facing brand used by the Combined Authority to represent the services it currently provides as the Local Transport Authority, as set out in the ‘How buses are run now section’ of the Consultation Document including:

- 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.

8.2.8. With regards to specific existing service areas raised by consultees, as set out in Table 1 of the Management Case:

- Provision of frontline services – refers to the over 50 Full-Time-Equivalent (FTE) staff operating the Metro Customer Contact Centre and Travel Centres, as well as its offices in Leeds.
- Service development – covers two sub-teams and 5.25 FTE staff focussed on ‘Transport Accessibility’ and ‘Systems and Supplier coordination’.
- Managing facilities and assets – refers to the 15.5 FTE staff responsible for management and development of the physical management of buildings - mainly but not exclusively bus-related - across the whole Combined Authority estate. Over 40 additional FTE staff are responsible for the operational management of bus stations. Section 4.5.2 of the Management Case mistakenly stated ‘as well as depots and fleets’. The Combined Authority currently does not have any responsibility for managing depots and fleets (responsibility for the management of the Combined Authority owned Accessbus vehicle sits with the contracted operator), but this is the service area where that resource would fit within the team structures under the Proposed Franchising Scheme.

Resource requirements

8.2.9. This sub-theme acknowledges all comments regarding the proposed increase resource required to manage both the Proposed Franchising Scheme and the EP+, including specific comments on numbers, the difference between options and the general increase in resource compared to what is there now. For example, Calderdale Council suggested the additional staff required to operate the franchising system will be ‘worthwhile for the long-term future of public transport in West Yorkshire, providing an efficient method of working is developed’. Conversely, CPT suggested that under the Proposed Franchising Scheme ‘there is an estimated significantly increased staffing requirement to in essence operate a system which currently runs, with no direct tangible outcomes for passengers created by this additional level of resource’. TLC suggested that the administrative burden of managing more operators ‘should not be underestimated’. Squarepeg suggested that it ‘welcomes more staff but questioned ‘where will they all work from?’. With regards to the presentation of specific figures, J&B Travel questioned the use of decimal place and non-round figures – ‘why would the authority require an extra 68.5 people (never seen half a person) but clearly this report is done by a colleague with an accounts background or they would have put 69 and an increase in cost from the EP+ of £1.8 million’.

8.2.10. The Combined Authority acknowledges the Proposed Franchising Scheme requires additional resources but remains satisfied that the number identified (68.5 FTE posts) will support it to provide the required capacity and capabilities, and that this resource (including associated costs) has been considered fairly within the overall assessment of options. The inclusion of 0.5 FTE roles acknowledges the requirements for part-time resource

8.2.11. Furthermore, as with the delivery of any service or project, the Combined Authority will keep resourcing requirements under review. Should the Combined Authority 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).

8.2.12. In the first instance, it is assumed additional resource would be based at its existing offices, Wellington House, and offered flexible working options including the ability to work from home. The capacity of Wellington House to accommodate the increased staff will be considered as part of business-as-usual activity reviewing the suitability of our facilities for our business requirements. This will also be considered in line with other potential future organisational changes, such as the development of the Mass Transit programme, as recognised under theme six.

Competencies, roles and responsibilities

8.2.13. This sub-theme acknowledges comments regarding what the additional resource would be doing, their ability to competently perform in role and the contributions this would make to the management of either option. It was recognised there is a need to increase competencies to successfully manage the Proposed Franchising Scheme, for example, Bus Users UK suggested the Combined Authority 'needs to develop or enhance its operational competence to effectively manage and coordinate the bus network'. CPT suggested that that "*an EP or EP+ model utilises the experience, competencies and knowledge that is already present with opportunity to develop this further*". Respondents expressed concerns around whether these roles could be filled, for example Globe and Station Coaches suggested "*the employment of additional staff to key positions is not achievable and they will not have the required standard of knowledge to engender the desired level of competence*." TLC expressed concerns that these roles can be "*adequately filled with required knowledge and experience*". Supporting this, Connexions suggested "*This is saying that the CA doesn't currently have the competency required? It doesn't say how and where these staff would be recruited. Franchising is new, so the numbers of people with existing knowledge are few and far between. People from the commercial bus world are needed to provide this competency".* Some respondents pointed to other competencies, roles and responsibilities the Combined Authority should consider. For example, Stagecoach suggested that as well as a focus on operator management and accountability there should also be "*an equally strong focus on areas which can directly impact service provision and the customer such as operational, engineering and customer service employees"*".

8.2.14. The Combined Authority understands that as well as additional resource, it is crucial that this resource has the right experience and competencies and are deployed in the right roles with appropriate responsibilities to successfully manage the Proposed Franchising Scheme, and that it is clear that is does not currently have all this in place. It remains of the view that within the Management Case it has understood this adequately – including identifying where it needs to add to existing organisation competencies, as well as where it would need to acquire new ones to successfully manage the Proposed Franchising Scheme. As stated above, competencies and role requirements will be kept under review, should it be determined that additional competencies/roles would add further benefit, this will be considered, including by assessing it against the assumptions underpinning the Management Case. Further consideration about how it would successfully recruit resource with these competencies, and alternative options if it unable to do this is considered under theme two, 'Recruitment'.

Skills and training

8.2.15. This sub-theme acknowledges comments about the skills and training requirements of the required resource. For example, CPT suggested "*recruitment of new posts does bring a risk of new people requiring a significant learning and development programme with existing knowledge already in the industry not always being utilised*". Similarly, the Competitions and Markets

Authority stated it "*would encourage WYCA to consider what skills and monitoring it needs in place to collect and analyse such data to aid long-term franchise improvements*".

8.2.16. The Combined Authority recognises it may need to upskill and provide training opportunities for new and existing resource to competently perform in their roles. Within the Management Case, 'newly recruited staff do not have the skills required to implement Franchising' is acknowledged as part of its implementation resourcing risks. As such, as part of its aim to ensure that all resources are ready to implement Franchising, there is a commitment to develop a Resourcing Plan, which will include *"a training plan, based on a skills audit mapped against the requirements of the new operating model to establish the level and nature of training required".*

8.2.17. The Combined Authority is current developing its workforce planning capabilities to ensure staff skills and experience is best utilised across the organisation, and this would be an important consideration as part of implementing the Proposed Franchising Scheme - including identifying where the skills of existing staff could be utilised in the new roles, and their existing positions then backfilled.

8.2.18. Furthermore, as an organisation, the Combined Authority is already committed to offering a range of learning and development opportunities for its staff to ensure they are effective and feel confident in their role, and to support them in meeting their career aspirations, managed primarily through an annual performance cycle between employees and their managers. Building on this practice will support the organisation to ensure its staff have the right skills and training to manage Proposed Franchising Scheme.

Organisation / team structure

8.2.19. This sub-theme acknowledges comments about how the resource would be structured into teams and the central conclusion that the resource would be added to the existing organisational structure. For example, Bradford Metropolitan District Council agrees that the Combined Authority would be able to manage the Proposed Franchising Scheme through its existing operational structure. Conversely, others questioned this such as CPT which asked how the existing structure can remain the same with the addition of 68.5 new posts.

8.2.20. As per the DJS Research report summary, main comments emerging relating to this were:

- One in five agreed that the Combined Authority could indeed manage the Scheme within its existing organisational structure (16);
- The Combined Authority would have to update its management structure (3);
- Private bus operator expertise will be required (3);
- Concerns that it will not work (4); and
- The need for a proper assessment of the organisational structure (2).

8.2.21. Following consideration of feedback, the Combined Authority would reaffirm its proposal to organise the additional resource required to manage the Proposed Franchising Scheme within its existing organisational / team structures, specifically the Transport Operations and Passenger Experience directorate, overseen by the Executive Director of Transport, with support from the Bus Reform team and other Directorates as required (as set out in Chapter 2 of the Management Case).

8.2.22. Should in the future it believe a change to the organisation or structure of the teams would deliver further benefit, the Combined Authority will consider this against the assumptions made within the Management Case and determine whether it negatively or positively impacts the original recommendation to implement the Proposed Franchising Scheme before it proceeds.

8.2.23. The Combined Authority is experienced at significantly increasing organisational resource as business needs require, such as to deliver the £475m Transform Cities Fund programme (as detailed in Section 7.2 of the Management Case). Similarly, the signing of the West Yorkshire Devolution Deal in March 2020 required significant work (including workforce management and development of new organisational processes) to ensure the organisation was ready for delivery under the Mayoral model. Furthermore, its operational model has also evolved in recent years from a process-driven to outcome-focussed structure, providing greater clarity regarding senior responsibility for outcomes and enabling greater scrutiny. The Combined Authority therefore believes this structure provides an adequate basis for the management of the Proposed Franchising Scheme.

8.2.24. Others stakeholder sought more specific points of detail, such as Leeds City Council which suggested it would "*welcome clarification on the proposed structure e.g., will each of the 10 zones (3 for Leeds) have a Director / principal person for districts to liaise*".

8.2.25. The Combined Authority already has range of forums and mechanisms for its staff to engage with key stakeholders across different teams and hierarchical levels of the corporate structure. In the first instance, where appropriate, these would continue to be utilised.

8.2.26. As implementation plans develop in more specific detail, the terms of references for these meetings could be evolved or, where required, new engagement mechanisms and forums created to facilitate liaison specific to the Franchising scheme. However, this would not constitute a change to the Combined Authority's own internal structure. Partnership working is explore in more detail under theme 5, see section 9.6.

Duplication of effort

8.2.27. The sub-theme acknowledges comments made about there potentially being duplication of effort between the new resource and existing resource within both the Combined Authority and bus operating companies under the management of both options. For example, with regards to the Proposed Franchising Scheme, Arriva said "*the additional resource in the CA would duplicate resources in operators and therefore in their nature will be less efficient than the alternative options*", and with regards to the Assessment's suggestion that duplication of effort would be greater under the EP+ it suggested that "*this is unlikely*" and "*from experience in other franchise markets, we believe there is a greater risk of this through franchising*". Conversely, Better Buses for West Yorkshire suggested "*this approach appears to optimise the use of public and household funds, eliminating potential duplication of roles between the Combined Authority and private bus operators under the EP+ model"* and Action for Yorkshire Transport said the Proposed Franchising Scheme "provides a more efficient way to run the network by enabling a coherent structure and by removing repetition of functions and will make the bus services more accountable and less complicated for bus users.' First West Yorkshire requested further information about the resource requirements to support its assessment of duplication of effort under the EP+ stating 'FWY requests a full list of the assumed 25.5 employees associated with the EP+ management, which operators could perhaps support the CA with mitigating, once this detail is understood'.

8.2.28. The Combined Authority considers seriously suggestions that either option could unnecessarily add to the duplication of effort between resource involved in the management of the bus system, particularly where this is at cost to the public purse. Nevertheless, it believes the overall efficiency gains (and improved outcomes more widely) of managing a centralised bus system under the Proposed Franchising Scheme will outweigh the inefficiencies of a small number of duplicated roles, and be better than duplication of effort under the EP+ and the current system (the EP reference case). In response to stakeholders that requested further details about the roles to understand where efficiencies could be made, these can be found within the Management Case of the Assessment, which was made available alongside the Consultation Document. As part of implementation of the Proposed Franchising Scheme the Combined Authority would be open to engaging with operators to understand where resource efficiencies could be made to avoid unnecessary duplication of effort, however, this would not change its overall assessment of options as any reduction in roles would only positively contribute to the case for the Proposed Franchising Scheme. The Combined Authority would also be open to engaging with operators on roles under EP+ to see where duplication of effort could be reduced, but does not necessarily see that as resulting in a reduction in proposed roles as it believes itself best placed to understand its own resourcing requirements. Specific EP+ roles highlighted by respondees as either unnecessary or a duplication of effort have been considered in more detail under theme 8 'The EP+ and alternative management proposals' (see section 5.9).

Transition

8.2.29. This sub-theme acknowledges comments about the proposed incremental deployment of the additional resource during the transition periods to either the EP+ or the Proposed Franchising Scheme, as well as more general comments on the management of the transition period – including the transfer of employees between operators.

8.2.30. Some stakeholders offered support for a phased approach to implementing the new resource throughout transition. For example, Campaign for Better Transport suggested "*due to some difficulties in recruiting suitably qualified staff, there is merit in additional staff being introduced gradually over a four–year transition period allowing the Combined Authority to incrementally take* *on its new and greater responsibilities*" – noting recruitment specifically is covered as part of a following theme. However, others expressed concerns about the point when the new resource would be in post. For example, J&B Travel suggested "*the initial start point is when staff are required to assist with transition, seems you will not be employing these till half way through, a large mistake*".

8.2.31. More generally, Leeds City Council said 'we anticipate the Transition being a very challenging period. However, we support what is outlined for the Transition and (again) but would welcome more clarity and detail on the transition.' Similarly, Connexions suggested "*the transition needs managing carefully taking into account the factors I have already stated - the supply chain and the transition from one company to the other*". To this point, Dales and Bowland noted the risk of "*the loss of key personnel from the industry as the result of changes of operator at particular locations*". To support smooth transition, Stagecoach suggested "*winning bidders will need access to employees during mobilisation, for briefings, engagement and training. This is critical to delivering a seamless transition and successful Day 1 operation and should be compulsory for incumbents*".

8.2.32. This sub theme also reflects, as per the DJS Research report, that from the general public there were several comments made in specific response to the transition period, and responses '*urged the importance of a smooth transition from the current set up to the Proposed Franchising Scheme (27).'*

8.2.33. A small number of participants (80) responded to the question in the longer version of the questionnaire, which asked about the approach to the transition and implementation of the Proposed Franchising Scheme as set out in the Management Case. The main comments raised in the responses were:

- Agreement/support for the approach to transition and implementation (10);
- The perceived inefficiency in the transition and implementation process and the need to make it faster (4);
- Ensure there is sufficient routes coverage during this period (3);
- Other comments around the need to hire staff sooner and to learn lessons from areas such as Greater Manchester.

8.2.34. The Combined Authority recognises the challenges of the transition period and the importance of being able to manage this to the overall success of the Proposed Franchising Scheme. Section 3 of the Management Case explores transition to both options in detail, including setting out the dedicated Transition team (and associated costs and contingency) which would be required to manage the transition to the Proposed Franchising Scheme. Specific risks – including 'poor management of the Transition process' – and mitigations were also set out. It recognises further details of the transition period to the Proposed Franchising Scheme still need to be developed and these will need sharing with stakeholders, including operators and districts councils at appropriate times, but that the level of detail available to date is appropriate for this stage in the decision / implementation process. The impact on matters of employment during transition (e.g. employment terms and conditions, pensions and the application of TUPE) is considered under section 8.10. Therefore, taking into account consultation responses, the Combined Authority believes it has sufficiently considered transition as part of its management proposals to an extent that this does not alter its recommendations.

Process and decision-making

8.2.35. This sub-theme acknowledges comments about the potential additional Combined Authority process and layers of decision making that may be added to the delivery of the local bus system under the management of either option, including concerns that it could become increasingly bureaucratic with little discernible benefit for customers. For example, CPT said "*the Combined Authority are better judged to make decisions on their structure and how they manage their own workforce and competencies, we do have concern at the level of increased bureaucracy the franchise scheme will require*". Similarly, Stagecoach warned "*there is always a danger that a constant checking and reporting system is put into place that requires large volumes of employees both from WYCA and from the operators yet delivers no discernible impact for customers*". Taking this further. TLC negatively compared the Proposed Franchising Scheme to the way the bus system runs now, suggesting "*the CA suggests quicker interventions under a franchised environment, but this must be strongly disputed. As a CA, the decision-making process is very bureaucratic and there seems to be little ability for decision making at local level. Private operators have the ability to make decisions quickly within regulatory boundaries and stand or fall by those decisions*".

8.2.36. As noted in the DJS Research report concerns over additional, 'top heavy' bureaucracy (5) emerged as negative sentiment against the Proposed Franchising Scheme in the general public responses. Conversely, a core theme expressed in response to other questions in the consultation, and which was made by some in response to the Management Case, was the support for the Combined Authority having more control over management of the bus fleet, with a particular emphasis on the centralised/'one stop shop' decision making function (27).

8.2.37. Other stakeholders advocated for additional, or more detail about the processes they would like to see completed as part of managing the Proposed Franchising Scheme. For example, Transport Focus requested more detail about how the Combined Authority would manage the takeover of the complaints handling function from operators, as suggested in the Assessment.

8.2.38. The Combined Authority recognises concerns about public sector process and decision making. It also understands some elements of managing the bus system under the Proposed Franchising Scheme would require different ways of working to ensure operations run effectively. Nevertheless, it also sees benefits in robust, transparent and accountable governance and decision-making to successfully managing a bus system that meets the needs of its diverse communities and offer value for money. The Combined Authority already effectively operates a range of customer-facing services, such as Metroline and Metro bus stations across West Yorkshire. Recognising further details need to be developed, a similar approach to management and governance would be taken as it extends its responsibilities as part of delivering the Proposed Franchising Scheme, including handling of customer complaints (which is explored in more detail within the Combined Authority's response to the Strategic Case, under the 'Customer Service and Information' theme, see section 4.6).

IT and system requirements

8.2.39. This sub-theme acknowledges comments about the additional IT and other systems that would be required by the Combined Authority to manage the Proposed Franchising Scheme – including concerns about how this would integrate with bus operators IT and scale of challenge of transferring to new systems. For example, Stagecoach suggested it is 'experienced in the transfer from a commercial operator owned hardware and software system to a new authority owned technology system, however it must not be underestimated the amount of work and time involved in doing so, and this must be considered'. Similarly, Arriva suggested 'the consultation document references ensuring the procurement and implementation of required system enhancements but does not talk about a transition away from or integration of existing systems used by operators. There may be additional costs or delays associated with this activity as operators currently use a variety of systems across their businesses.'

8.2.40. The Combined Authority recognises IT and other systems are a crucial part of its overall capacity to manage the Proposed Franchising Scheme. Within section 2.5 of the Management Case, it sets out IT requirements and how it has considered whether its existing IT systems will be fit for purpose to enable the scaling up needed for Franchising and concludes that recent and current digital transformation activities are future proofing many of its systems so that they are appropriate. This includes a focus on implantation of 'open-data' systems to improve third party access to Combined Authority systems and information.

8.2.41. Informed by discussions with Combined Authority's IT Services team, £200,000 has been factored into the Authority's costings to cover additional systems needed. As set out within the Management Case, the additional systems this will fund are:

- Contract management system, possibly linking to finance systems for payment of operators.
- Ticket sales data from ticketing platform to enable fare revenue monitoring.
- Scheduling system to devise bus timetables / driver resource – aids the commissioning and specification of the services.
- Additional systems / reporting to monitor and control revenue collection, and registration of routes.

8.2.42. With respect to operators capacity to transfer IT systems, it acknowledges the potential challenges of this and recognises these may be reflected in the implementation proposals and costs of operators bids to run franchised service contracts.

Combined Authority response and conclusion

8.2.43. The discussion on this theme has demonstrated that 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.

8.2.44. In relation to general comments, the Combined Authority recognises that organisational ability to manage the Proposed Franchising Scheme is key to successful implementation. The Combined Authority recognises the scale of change and following consideration of the sub-themes and specific points of detail raised remains of the view that appropriate resource and competencies are accounted for within the Management Case of the Assessment.

8.2.45. The Combined Authority recognises that additional resource is required to deliver the Proposed Franchising Scheme and remains satisfied that the number and types of competencies/roles identified will provide the Combined Authority with the required capacity and capabilities.

8.2.46. Furthermore, as with the delivery of any service or project, the Combined Authority will keep resourcing requirements under review. Should the Combined Authority 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).

8.2.47. The Combined Authority realises the importance of upskilling and providing training opportunities for both new roles and existing resource to ensure that jobs can be undertaken efficiently. Should the Proposed Franchising Scheme be implemented, the Combined Authority will develop a Resourcing Plan which will incorporate a training plan and a skills audit.

8.2.48. Regarding, organisation and team structure, the Combined Authority does not intend to amend the proposal outlined in the Management Case, believing that both options can be delivered under current organisational structure.

8.2.49. In terms of the potential duplication of effort under Franchising identified in some responses, the Combined Authority is open to working with operators to look for opportunities to reduce this, however this would not impact its overall assessment of options as any reduction to roles under Franchising would only strengthen the case for the scheme.

8.2.50. The Combined Authority remains satisfied that whilst the transition period presents challenges, it is explored in sufficient detailed within Section 3 of the Management Case and appropriate risks and mitigations are set out.

8.2.51. The Combined Authority understands that new ways of working will be required as part of the delivery of the Proposed Franchising Scheme, however it remains of the view that there is robust, transparent and accountable governance and decision-making provide benefits and will support successfully managing a bus system that meets the needs of its diverse communities and offer value for money.

8.2.52. The Combined Authority recognises that IT and other systems will be crucial to the success of bus reform, in particular the Proposed Franchising Scheme. It set these out within Section 2.5 of the Management Case and remains satisfied with its assessment of its requirements, including budget for additional systems. It also acknowledged the impact of IT integration on the costs it will pay operators to run franchised services

8.2.53. The overall conclusion of this theme is that following the consideration of consultation feedback, the Combined Authority is satisfied its management proposals will provide it sufficient ability as an organisation to successfully manage the Proposed Franchising Scheme.

8.3. Theme 2: recruitment

8.3.1. A key theme emerging from consultation on the Management Case is recruitment, and how this could be achieved / impacted under either option. This theme encompasses three sub-themes:

- The recruitment of Combined Authority staff
- The transfer-in of bus operator staff to the Combined Authority
- The recruitment of bus drivers and other operator staff

The recruitment of Combined Authority staff

8.3.2. Arriva suggested recruitment in the bus sector can be challenging with a limited number of people with bespoke expertise, and that with several authorities exploring bus reform, there is a risk to the recruitment of those with the additional competencies. The EP+ option provides a solution that utilises the existing expertise within the industry.' Similarly, with regards to the additional staff required for the Proposed Franchising Scheme specifically, Lancashire County Council suggested that "*in the current climate this may pose a challenge to recruit and train appropriate staff, therefore early recruitment processes will be needed in order to meet the forthcoming challenges*".

The transfer-in of bus operator staff to the Combined Authority

8.3.3. Some consultees suggested the proposed mechanism of transferring in operator staff to work within the Combined Authority under the Proposed Franchising Scheme may be challenging, for example Arriva suggested *'the document also assumes that some employees will transfer into the CA which is unlikely given that operators will be required to maintain their resource to support both bidding and operating in West Yorkshire, along with wider group support responsibilities'*. It pointed specifically to resource in its contact centre and facilities and asset management teams as examples of where they are shared with other areas beyond West Yorkshire. Similarly, Ross Travel Group suggested '*as operators will still require technical staff to administer their own systems there will be few surplus staff to be employed from within the industry*.' First West Yorkshire suggested this was key risk saying 'the risk regards not securing the additional 68.5 FTE required under franchising is not adequately considered, especially as this is partially based on the assumption that '*this would involve some transfer in of existing bus operator staff' (who may need to or choose to remain with operators that continue to operate contracted or B2B work in the region).'*

The recruitment of bus drivers and other operator staff

8.3.4. Looking wider than the Combined Authority's own recruitment requirement, some consultees provided comment on operator's ability to recruit staff. For example, Arriva suggested the Proposed Franchising Scheme '*deliverability will be heavily reliant on the ability of operators to recruit and train PCV drivers to achieve the numbers required for the enhanced network*'.

8.3.5. Globe and Station Coaches suggested current company staff would need to make a choice about who to work for and some would leave. Other stakeholders noted existing challenges facing the recruitment and retention of bus drives, for example the TUC suggested "*years of profit-seeking by these operating companies has led to a decline in drivers' real pay and conditions, sparking a retention crisis and affecting service delivery*". From an operator's perspectives, Connexions suggested '*Staffing issues will not change under franchising*'.

The Combined Authority's response

8.3.6. In section 3.4.6 of the Management Case, the Combined Authority committed to develop a resourcing plan, which will include 'a recruitment / transfer plan' setting out how the Authority will:

- Transfer staff in from operators.
- Recruit staff who cannot be transferred in.
- A training plan, based on a skills audit mapped against the requirements of the new operating model to establish the level and nature of training required.
- An organisational change plan which will enable the TOPE Directorate and the wider Combined Authority to transition smoothly to Franchising.

8.3.7. As is standard Combined Authority practice with the implementation of any programme, further, more specific detail beyond this about how it will recruit the resource required will be developed at a later stage in delivery, following a decision on the preferred option. Nevertheless, within the table 'Management Risks under Franchising' (table 10), resourcing risks are identified including that the 'Combined Authority is unable to recruit an adequate number of additional people to manage implementation' which could lead to a delay to implementation and additional costs. Suggested mitigations are that the resourcing plan will be developed well in advance of the resource being required - including consideration of workforce management and opportunities for existing staff to be redeployed/upskilled with their roles then backfilled - and a contingency budget for external consultants or contracts being available in case the resource is not made available with the Combined Authority. These mitigations and the understanding of the different recruitment points that will need to be addressed within the finalised Resourcing Plan provide the Combined Authority satisfaction that it can recommend the Proposed Franchising Scheme.

8.3.8. With respect to the transfer-in of operator staff specifically, the Combined Authority recognises it has made a number of assumptions about roles where this is applicable and notes comments by operators which suggest this may not be possible. It would welcome further discussion with operators about the details of this should a decision be taken to implement the proposed franchising scheme, including but not limited to contact centre staff, but ultimately the outcome of failing to do this would be the same as failure to recruit more generally, with the same risk mitigations described above still applicable in this situation. Further considerations about the 'Transfer of Undertakings (Protections of Employment) Regulations (TUPE) 2006', including under what circumstances they would apply, are set out under theme nine 'Employment', see section 5.10 below.

8.3.9. With respect to the recruitment of bus drivers and other bus operator staff specifically, the Combined Authority's acknowledges this is a key challenge for the industry regardless of the option it chooses to implement. It is therefore committed to working with operators to understand what support it can provide to the industry, building on previous work such as the bus driver training programme which received funding support in 2022 from the Combined Authority's Adult Education Budget and as of January 2024 has helped over 100 people to progress into employment with transport organisations across the region, including Arriva and First. Wider implications for the recruitment and employment of bus operator staff – including pay, pensions and terms and conditions - are considered under them nine 'Employment'.

8.4. Theme 3: management costs

8.4.1. This theme acknowledges comments made specifically regarding the cost of managing the options and how these have been costed and analysed within the Assessment. Some respondents provided general acknowledgement that extended responsibilities incurred additional management costs, for example with reference to the contract management regime under the Proposed Franchising Scheme, Globe and Station Coaches said "*this is likely to substantially increase administration costs at both WYCA and the service operator*".

8.4.2. The DJS Research summary report highlights that a number of members of the general public commented on 'the prohibitive cost to introduce the additional staffing required through the Proposed Franchising Scheme (8), that it would be a waste of money which would be better spent elsewhere (5), and that it would put too much pressure on the public purse (4). Other deemed that the investment required to increase staffing was acceptable when proportionally compared to current levels of employment (5) whilst others agreed it was 'worth the investment' (4).

8.4.3. Some respondents questioned specific costs, for example First West Yorkshire noted "*with the requirement for leadership/ management roles under franchising, whilst these are not referenced under EP+, clarity is required as to why the average role under EP+ costs £1k higher than a role under franchising*". First also sought reassurance "*costs common to each scenario (such as 'upgrades to the RTI reporting system', 'IT resource' and 'the route registration function') are fully accounted for within all scenarios*."

8.4.4. Other responses pointed to specific costs that they felt had not been adequately considered within the Management Case. For example, Arriva said "*additional training modules for drivers would incur additional cost both in terms of payment to attend training, and additional establishment levels required to cover their duties whilst training is undertaken. This does not appear to have been considered*". Similarly Transport for Greater Manchester shared that "*TfGM have experienced significant cost and resource requirements in maintaining the current bus network whilst franchising is being implemented across the region. TfGM believe that the transition and implementation should include high-level detail about how this will be managed by the WYCA Bus Services team during the transition period.*"

The Combined Authority's response

8.4.5. The Combined Authority recognises the management of the Proposed Franchising Scheme will incur additional costs beyond the existing management costs it incurs supporting the current bus system. However, it believes these costs are affordable to the Combined Authority and that the benefits and risks associated with these costs have been considered fully within the Assessment, particularly within the wider analysis of the Financial and Economic Case.

8.4.6. Furthermore, the Combined Authority thanks respondents who provided detail about management costs they do not think have been adequately recognised within the Assessment. As a general response to this, within the Management Case, it was identified that there is overarching risk to the Proposed Franchising Scheme that the Combined Authority's resource costs are higher than anticipated, incurring additional and unforeseen costs. To mitigate against this contingency was included within the Assessment's cost forecasts. More specifically, with regards to comments raised by TFGM, that Combined Authority thanks them for sharing their comments on costs and the Combined Authority will ensure this is covered in its Transition and Implementation plans as they further develop. The Combined Authority will seek to engage further with TfGM on their recent experience.

8.4.7. The difference in average cost per role between the Proposed Franchising Scheme and the EP, noted by First, is because comparison between the options is not like-for-like and a different mix of roles and responsibilities. Under the EP+, the balance of Combined Authority roles would be relatively more management focused, whereas under the Proposed Franchising Scheme more operational focused staff would be required which drives a difference in the average role cost. Therefore, is not appropriate to compare the options by simply dividing total costs by the number of roles.

8.4.8. The Combined Authority can confirm that common costs for upgrades to the RTI reporting system, IT resource and route registration are fully accounted for in each option and are assumed to sit with the Combined Authority, as the takeover of Traffic Commissioner powers (and thus the route registration function) by the Combined Authority are assumed under both scenarios.

8.4.9. Specifically on route registration, following assumption of Traffic Commissioner powers by the Authority, under the EP+, the Combined Authority will charge operators to recover relevant management costs it incurs in relation to a registration application. This would not be applicable under the Proposed Franchising Scheme as franchised services would not need to be registered. In the financial model route registration costs under EP+ are included as a Combined Authority cost until 2028, after which the cost is assumed to be net-nil on the authority given it will then charge a levy to operators following implementation. Furthermore, it is the noted that route registration fees may be higher than those charged by the Traffic Commissioner currently, potentially incurring additional costs for operators. Under the Proposed Franchising Scheme, although there are no registration costs for the Combined Authority or operators, the Combined Authority will charge operators to cover the management costs of permit applications. This is assumed as a net-nil cost to the Combined Authority throughout.

8.5. Theme 4: managing risks

8.5.1. As noted under other themes, comments were 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.

8.5.2. For example, Wakefield Council stated, "*the introduction of a franchising scheme would place higher levels of political and reputational risk on WYCA and its district council partners than is the case at present.*"

8.5.3. Similarly, J&B Travel suggested the Proposed Franchising Scheme "*introduces a range of additional ongoing risks for WYCA to manage, needing significant additional capability in-house to deliver*".

8.5.4. First West Yorkshire noted that "*experience from other Franchising schemes evidences the significant risks to WYCA involved with the implementation and management of Franchising that may not have been sufficiently considered*".

8.5.5. As per DJS Research's report, greater detail concerning the risks, including how much they might cost, was also highlighted as one of the Management Case elements respondents would like greater details about.

The Combined Authority's response

8.5.6. The Combined Authority recognises - as highlighted by consultees across comments relating to all five cases of the Assessment - the significant risk involved in delivery of the Proposed Franchising Scheme. To this end, the Combined Authority detailed its approach to risk management, as well as identification of risks and associated mitigations under both options, within Section 6 of the Management Case, 'Risk'. This included a summary of its Corporate Risk Management Strategy (2020) which was also provided in full as Appendix 5.4 to the Assessment

8.5.7. Further emphasising the Combined Authority's consideration and awareness of risk, key risks were specifically highlighted in the Assessment Conclusion, alongside the recommendation to proceed with the Proposed Franchising Scheme. These were:

- 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.

8.5.8. The Combined Authority recognises that any approach to risk management cannot fully mitigate all risks, and that different organisations may follow different approaches to risk management. The Assessment is underpinned by a robust approach to risk analysis which assesses the impact of key risks on the ranking of regulatory options, including scenario and sensitivity analysis.

8.5.9. Scenario analysis is used in the Economic and Financial Cases to test the impact of changes to the external environment on the relativity of options - including risks relating to the level of demand and level of funding available to the Authority for bus

8.5.10. Sensitivity analysis has been undertaken in the Economic and Financial cases to stress test the impact of the Authority's key identified risks occurring and assess the impact on the relativity of options. These risks include the cost risk associated with the acquisition of fleet, cost risk associated with the acquisition of depots, impact of increased operational costs and impacts on the changes to the margin charged / earned by Operators.

8.5.11. In addition to this robust analysis of risk in the assessment, the Combined Authority has already developed a detailed programme risk register which sets out the key implementation and operational risks associated with the both the Proposed Franchising Scheme and the EP+, which it will use as a tool to manage risks associated with the selected Bus Reform option.

8.5.12. The risk register RAG rates each identified risk and appoints a nominated individual who is responsible for managing each risk. For each risk the register identifies the nature of the risk, its causes and consequences, probability of occurrence and potential impact and then identifies any consequential actions and mitigations required. This risk register then supports active management and mitigation of risk within the Bus Reform project with the ability to escalate risks to the Bus Reform and Internal Leadership boards as well as the Transport Committee and the Combined Authority, in line with the programme's agreed governance arrangements. These Boards and Committees are responsible for deciding whether risks have been sufficiently mitigated that the Combined Authority can manage them within the Bus Reform programme or whether further or alternative courses of action are required. Bus Reform Board reviews and will review the risks monthly, with the other boards and committees viewing them as escalated by the Bus Reform Board.

8.5.13. The Combined Authority believes the level of detail associated with each risk in the programme risk register has been thoroughly developed to an extent that is appropriate to the level of risk and current stage of the programme (i.e. business case development) and in line with HMT Green Book Guidance.

8.5.14. The programme has also approached developing the detail and quantification of risks in a way that is appropriate to the context of assessing a binary decision on whether to implement the Proposed Franchising Scheme which it is acknowledged would disrupt a market that provides a socially necessary service through a course of action that cannot easily be revoked.

8.5.15. The risk registers for both the Proposed Franchising Scheme and EP+ have been updated on a regular basis during the Assessment – including following consideration of the consultation feedback - and would continue to be updated for the preferred option throughout the implementation and operational periods of the Preferred Option to ensure that the Authority's overarching approach to risk management (as set out the Corporate Risk Management Strategy) is employed.

8.5.16. Following a decision on Bus Reform the programme's risk register (which will reflect the risk register for the preferred option) and review of this by Bus Reform Board would remain its primary mechanism to manage associated risks. Section 7 of the Management Case recognises that programme management and governance structures will 'necessarily evolve through Transition and into steady state of either option, however, the same base principles will apply' – this includes their central role in managing risks.

8.5.17. At a corporate level, the Chief Executive and Directors retain management and oversight of the Authority's strategic risks captured in the Authority's corporate risk register, in accordance with the Authority's Risk Management Strategy.

8.5.18. In addition, the Governance and Audit Committee of the Combined Authority which has an independent chair, reviews the corporate risk register at each committee meeting and is able to scrutinise any element of the register and seek further information as required to satisfy itself as to the risk management measures in place. A snapshot of the corporate risk register is published on the Combined Authority's website and updated on a quarterly basis.

8.5.19. Bus reform has been included as a programme-level risk within the Combined Authority's corporate risk register, with the risk identified relating specifically to the potential lack of resource to make the case for and implement bus reform. The mitigations identified, and which have been put in place, include additional resource, the appointment of external experts to work alongside the internal team and development of a transition plan to enable the Authority to implement either an Enhanced Partnership Plus or the Proposed Franchising Scheme. Following a decision, the risk in the corporate risk registered will be updated to be specific to the implementation of the preferred option.

8.5.20. Overall, the Combined Authority considers that it has appropriately considered the identification and management of risks as part of its overall Assessment and recommendation on the preferred way forward - including those associated with management of the scheme, as well other financial, commercial, and strategic risks. Risk has also been appropriately considered and included as part of the economic and financial modelling. Furthermore, the Assessment has set out the Combined Authority's approach to risk management – at both a programme and corporate level - which will provide a robust way to implement and manage risks within the selected option going forward.

8.6. Theme 5: role of district councils and partnership working

8.6.1. This theme recognises comments and queries provided about the role of district councils in the management of the bus reform options and implications for wider partnership working with other stakeholders, such as operators.

8.6.2. For example, Leeds City Council said, "*we would note that districts could have an invaluable role to play, as we have the local intelligence and skills to play a role in the management*".

8.6.3. Similarly, Calderdale Council stated, "*it is hoped that district partners would still have a significant role to play in the process through the West Yorkshire Bus Alliance and be kept informed of developments affecting their districts"* and that "*good partnership working across West Yorkshire is vital to the success of bus franchising".*

8.6.4. With respect to operators, Stagecoach said "*delivery of franchised services will only be successful with collaborative working between the operators and WYCA, and appropriate resource levels on both sides".*

8.6.5. Similarly, public feedback referred to 'the need for the Combined Authority to seek advice and guidance from the bus operators, which have the track record and experience of operating routes in West Yorkshire (6)' and recommended that the Combined Authority 'considers how franchising has been implemented in other regions of the country (e.g. Manchester and London) and understand best practice to ensure a smooth transition in West Yorkshire (17).'

8.6.6. A key element of feedback that emerged under this theme was regarding highways management.

8.6.7. Calderdale Council commented that it wanted "*to have a greater understanding of the proposed structure and the role of the Local Highway Authorities".*

8.6.8. Furthermore, Leeds City Council specifically raised a request for clarification on the Department for Transport's proposed review of Key Route Network powers, and *"welcome and necessary"* engagement on how the Combined Authority plans to use these powers.

8.6.9. Linking to this theme, and specifically relating to the EP+, First West Yorkshire suggested *"additional resource is mentioned in the remit of 'highways network management'. This resource should be common to all scenarios*."

The Combined Authority's response

8.6.10. As a Mayoral Combined Authority, working in partnership to develop and deliver policies, programmes and services which directly benefit the people of West Yorkshire is our mission as an organisation. Under either bus reform option, bringing together the local authorities of Bradford, Calderdale, Kirklees, Leeds and Wakefield to provide strategic leadership on local transport, including operation of the bus system would remain fundamental to our ways of working and organisational constitution. This extends to other stakeholders, such as bus operators, neighbouring transport authority, other mayoral combined authority areas and the Department from Transport. As such, this theme does not alter the management case conclusion that the Proposed Franchising Scheme as currently proposed is deliverable by the Combined Authority.

8.6.11. With regards to the West Yorkshire Bus Alliance specifically, if a franchising scheme was implemented, the Combined Authority's ambition is for the Bus Alliance this to continue through transition in order to manage ongoing delivery of services to customers. However this would no longer be underpinned by the Enhanced Partnership once a decision to implement the Proposed Franchising Scheme has been made would be dependent on the voluntary participation of districts, operators and other stakeholders. A proposal for how this evolves under steady-state franchising will need to be developed during transition (see theme one and seven for further comment on this), including consideration of how it aligns with contract management of bus operators providing franchised services.

8.6.12. With regards to highways management and Key Route Network powers, the Combined Authority recognises strong highways management is key to a successful bus system and that it will need to work closely with district councils on this as part of the Proposed Franchising Scheme, as highways management powers will remain with them. As set out in the Strategic Case, this will need to be a key consideration of its new Local Transport Plan (expected to be adopted in 2025). Adoption of Key Route Network Powers by the Combined Authority is a further policy decision it will consider in the future, following further discussion with the DfT and district councils and would apply to both the Proposed Franchising Scheme and the EP+.

8.6.13. As part of the co-development of a new statutory Local Transport Plan, the Combined Authority and district partner councils will develop in more detail the approach to working in partnership on management of the highways network and Key Route Network. Following discussions between the Mayor and West Yorkshire Local Authority Leaders, and approval from the Combined Authority's Finance Resources and Corporate Committee on 18 January 2024 to proceed, an initial application has been submitted to Government, seeking access to all of the opportunities available through a Level 4 Devolution Framework. Consideration and ratification of the initial application will also be carried out by each Constituent Council, and the Secretary of State will make a decision as to whether to proceed.

8.6.14. If the Secretary of State decides to proceed with a Level 4 Devolution Framework for West Yorkshire, the Combined Authority will work with its district council partners and the Department for Transport, to develop details of any powers relating to the Key Route Network, which would be subject to further approvals by the Combined Authority and constituent council.

8.6.15. With regards to Combined Authority resource to support highways management, as set out in the Management Case, 1 FTE 'Highways Network Manager' has been assumed under the EP+ to deal with the additional responsibilities the Combined Authority would take on under this scenario – primarily through the proposed 'Oversight Group'. Under the Proposed Franchising Scheme, with respect to the authority's Highways Network function, the Assessment notes 'this team will have an expanded role in coordination between local authorities and Operators and the role will also evolve from information provision to operators to instruction'. However, no incremental FTEs have been added, although it is likely that some increase in seniority may be required. This is because within a Franchise environment, more of the function could be absorbed as part of wider contract management, monitoring and compliance responsibilities, and the by additional wider resource to be brought within the 'Bus Services' team (36 additional FTE roles, compared to 18 under the EP+). This includes the Bus Control Centre – or Urban Traffic Management Control Room – proposed under both the Proposed Franchising Scheme and the EP+ which would also support improved highways management and partnership working between all parties. Further resource requirements to manage the KRN specifically would be considered as part of the separate decision on whether the Combined Authority should adopt those powers.

8.7. Theme 6: future organisational change

8.7.1. This theme acknowledges comments made about future organisational change that could happen to the Combined Authority and how this could affect the management of the bus reform options, such as the delivery of a Mass Transit system.

8.7.2. In response to the questions on the Management Case, First West Yorkshire noted "*Section 4.5.2 of the Consultation Document contains one of few references across the consultation materials to 'Mass Transit'. This project has recently (in October 2023) been subject to a major funding announcement by the Department for Transport with £2.5bn available for its development. FWY considers Mass Transit to be a major intervention in the public transport market in WY, which potentially changes the backdrop to the assessment of franchising and therefore needs appropriate consideration*."

8.7.3. This aligns to several comments received in the Strategic Case and Commercial Case which felt that future developments, and integration of these, was not fully taken into account. Specifically, the risk around mass transit revenue is discussed.

The Combined Authority's response

8.7.4. As stated in Section 2.4.1 of the Management Case, the Combined Authority is prepared to consider whether delivery through other structures would deliver better results and efficiencies, some of which are dependent on the development of other Combined Authority projects such as Mass Transit. However, fundamentally, delivery of Mass Transit (and other projects) cannot yet be assumed, and therefore the Authority cannot accurately predict the impact in future to draw an assessment of the impact on Franchising or other regulatory options. This also makes it challenging to undertake Sensitivity Analysis on a future 'mass transit' scenario. This assumption remains consistent across regulatory options.

8.7.5. Furthermore, if successful, mass transit is currently planned to enter operation in the early 2030s, and any new bus model will have been established for a number of years prior to this. It is therefore sensible for Bus Reform to proceed with a standalone operational model for the delivery / early stages of operation of the Proposed Franchising Scheme. However, close working between the programmes will continue and include consideration of all potential options for operation, including the investigation of joint operational activities in the future should this be seen to offer further benefits and efficiencies.

8.8. Theme 7: consultation and engagement requirements

8.8.1. This theme acknowledges comments made about the consultation and engagement requirements of managing the bus reform options, including endorsement of this as an important function the Combined Authority must fulfil.

8.8.2. For example, Bus Users UK said "*The franchising model, impacting the entire bus network, necessitates thorough public consultation and engagement. The Combined Authority needs to ensure that the community is well-informed, and feedback is fully considered in decision-making processes*." Similarly, Action for Yorkshire Transport suggest "*it is essential that under the franchising, community involvement is frequent and structured. It is the bus passengers and bus drivers who best know and understand the issues and challenges on their bus services*".

8.8.3. Similarly, the TUC Creative and Leisure Industry Committee suggest "*bus franchising must be implemented in such a way that meaningful democratic control over the future of West Yorkshire's bus services is established*" which needs to include "*effective representation from disability groups, bus workers, and bus users*".

8.8.4. Transport Focus recognised the information provided about proposed consultation and engagement activity within the Assessment – *"we welcome the proposal that this would include consultation during transition, and implementation, as well as during ongoing operation and in the event of any proposed changes to the scheme"* - but suggested that "*it is clear that plans are still at a very early stage*" and that they would *"welcome an opportunity to work with the Combined Authority as more detailed plans are developed"* - in particular, they would like "*more explicit confirmation about how passengers and their representatives can have a say in the standards set out in contracts*".

8.8.5. Furthermore, Better Buses for West Yorkshire suggested the proposed "*system of management does not provide enough power or voice for the wider public*" and that it is *"essential"* that a *"participatory board"* (similar to Manchester's Bee Network Committee) oversees the system.

8.8.6. As per the DJS Research report, this theme came through strongly in responses from the general public with a total of 39 comments were received about the need for the Combined Authority to work collaboratively and in partnership with West Yorkshire local authorities, as well as the public and local businesses, when it comes to route decisions to ensure everyone's needs are met. Some went further and advocated for an advisory transport board, whilst others advocated this type of arrangements includes drivers and other bus service experts as well. However, others didn't go as far and simply advocated for regular engagement with service users. Some participants emphasised the importance of effective communication with the public during the transition to the Proposed Franchising Scheme (11) and others asked for further 'explanation as to what mechanism would be used to provide feedback (3).

The Combined Authority's response

8.8.7. The Combined Authority concurs with the suggestion from consultees that ongoing consultation and engagement with stakeholders, including the general public, is an important aspect of implementation and 'steady-state' of either bus reform option, particularly the Proposed Franchising Scheme.

8.8.8. Section 5 of the Management Case set out the Combined Authority's overarching approach to consultation, with section 5.3 providing more specific proposals about consultation under Franchising – including a commitment to 'undertake regular, in depth, consultations' through the lifetime of the Proposed Franchising Scheme, both during Transition and once all franchise agreements have been awarded, in line with requirements of the Transport Act 2000. This activity will utilise the organisation's existing consultation and engagement function, and be supported by at least one FTE role during the transition period.

8.8.9. The Combined Authority acknowledges, as suggested by Transport Focus, that its consultation and engagement proposals need to be developed in more detail at an appropriate time in the development and delivery of the scheme. The Combined Authority cannot at this stage provide further detail or specific commitments about how it will ensure public input to the governance to the system. The Combined Authority is cognisant that implementing the Proposed Franchising Scheme offers the opportunity to provide the public with greater control and say over the management of the bus system, but that it also needs to balance this with commercial, financial and other management considerations. Its final governance and decision-making arrangements will need to reflect this, building on its existing organisational practices (as set out in its response to Theme One: Organisational ability to manage - process and decision making). It will also need to incorporate partnership working with district councils, and other organisations such as operators, as considered under Theme Five: Role of District Councils and Partnership Working.

8.8.10. Nevertheless, the Combined Authority will consider appropriate formal engagement mechanisms, both digital and in-person, and welcomes the offer from stakeholders and the public to work with it to develop these proposals and plans in more detail at appropriates times throughout the transition period and into steady-state.

8.9. Theme 8: the EP+ and alternative management proposals

8.9.1. This theme acknowledges comments made about alternative management proposals, including managing the EP+. With respect to managing the EP+, consultees provided general comments on the positive and negatives of managing this model, for example J&B Travel suggested "*from the bus operator point, alteration will be minimal, from WYCA point it would also be minimal and rather more cost effective to the West Yorkshire taxpayer, with less additional staff required*".

8.9.2. Connexions suggested the "*EP+ uses the knowledge of those in the industry, actually operating buses, and planning routes and changes needs on the floor coalface knowledge, not public servants in their offices looking at spreadsheets. The EP+ has these experts already and through proper effective partnership will deliver the results quicker, less bureaucratically and cheaper than the Franchise."* They further stated that "*The EP+ will have far less demand on the CA in terms of* *staffing and funding. The CA will not need to find individuals with commercial knowledge to work in their team.*"

8.9.3. Conversely Peak District National Park suggested the "*the approach appears to be a more complex approach, because of the number of parties involved in managing the various strands of the EP+."*

8.9.4. Some suggested that the EP+ was less of a management challenge but, on consideration of other factors, still preferred the Proposed Franchising Scheme. For example, Calderdale Council suggested "*in the short term the management of EP+ is simpler and less costly than franchising as would be expected, however this option provides fewer long-term benefits than franchising."* Similarly, Leeds City Council suggested *"we note the comments made with regard to the Management Case the EP+ is more like an extension of the Reference Case (Enhanced Partnership). We acknowledge the significant improvements an EP+ would bring but believe autonomy over the network, is paramount".*

8.9.5. First West Yorkshire raised specific queries about resources/roles proposed under the EP+ including those required for 'service development' related to a 'commercial, price-capping environment', a 'Bus Control Centre', and additional resource in the remit of 'highways network management.' It suggested that it did not recognise the requirements for some roles, as per the operator led EP+ proposals, and that some should be common to both the EP+ and the Proposed Franchising Scheme. First West Yorkshire therefore also requested a full list of "*the assumed 25.5 employees associated with the EP+ management, which operators could perhaps support the CA with mitigating, once this detail is understood*".

8.9.6. The theme also includes requests for more details regarding an exit strategy from the Proposed Franchising Scheme, should this implemented and not be as successful as the Assessment suggests. For example, Bus Users UK suggested *"while this is built into an EP model, there does not seem to be anything on this topic in the Franchising model."*

8.9.7. Similarly, a number of members of the public asked for more information about 'the process if an operator withdraws from the Scheme because it can no longer cover certain routes or deliver sufficient customer service (3)'.

8.9.8. As per DJS Research consultation summary report, a small number of participants (75) responded to the question in the longer version of the questionnaire, which asked about approach to managing the EP+. The main comments raised in the responses were:

- An overall preference for the Proposed Franchising Scheme (5);
- The bus fleet should not be in public control and be managed privately (2);
- The EP+ proposal will require more staff (2);
- The limits to the possibilities of improving the network (2);
- The perceived track record of poor management of the bus network (2); and
- Management of an EP+ would be less efficient (2).

8.9.9. Conversely, as highlighted by DJS Research, when asked about management of Franchising some respondents compared it negatively against the EP+, including suggesting that there would be less concern about political interference with this Scheme (2) and that EP+ was more affordable than the Proposed Franchising Scheme (1).

The Combined Authority's response

8.9.10. The Combined Authority stands by its conclusion of the Assessment's Management Case that it would be able to manage the EP+, and that this would be with fewer resource and at a lower cost than that required to manage the Proposed Franchising Scheme. Furthermore, as the wider Assessment makes clear, this would deliver benefits above and beyond the Enhanced Partnership Reference Case. However, the Assessment considers management alongside other cases and acknowledges the EP+ is 'ultimately still dependent on being able to agree its delivery with local bus operators – reducing the level of certainty and control.' Therefore, positive comments on the management of the EP+ are welcomed but do not change the recommendations concerning the management of the Proposed Franchising Scheme.

8.9.11. With regards to requests for clarity around specific roles proposed under the EP+, the Combined Authority made reasonable assumptions about what resource it would require under this option, based on the EP+ proposals from operators as well as its understanding of its own management requirements. The roles are based on the Authority's bottom up assessment of requirements under the EP+ and are underpinned by external advice and the precedent set by other Franchising Scheme assessments. These have also been audited by an external Auditor, as part of the statutory audit process, providing confidence that the level and type of additional management cost is suitable for the purposes of assessment. As per HMT Green Book Guidance and Franchising Guidance these were published in full within Section 2.3 of the Management Case 'Extending the Combined Authority's responsibilities to deliver the EP+'.

8.9.12. With regards to the Bus Control Centre – or Urban Traffic Management Control room - the Combined Authority has determined this as a reasonable intervention that it believes would enhance the existing partnership (supporting the movement of buses across the region's highways and helping manage any disruption events) and has confidence it could be implemented under the terms of the EP legislation. To support a Bus Control Centre, 1 Control Room Manager, 2 Assistant Control Room Managers and 10 Control Room Officers have been provided for within Combined Authority resource under both the EP+ and the Proposed Franchising Scheme options. The Combined Authority notes that under the EP+, this would be supported by operators' commitment (as per their proposals) to provide their own additional resource in the Bus Control Centre/Urban Traffic Control Teams in all five districts. This is assumed to be in addition to the 13 roles outlined above.

8.9.13. Similarly, multi-operator, commercial fare capping has been included as an intervention under the EP+ option and the Combined Authority has determined that it would require 2 incremental Systems & Supply Coordinators to support this, by gathering / aggregating taps and payment data from different operators as part of the payment and reallocation of fares revenue under the ticketing scheme. The Combined Authority notes that only one 1 incremental Systems & Supply Coordinator has been included under the Proposed Franchising Scheme because the Combined Authority would have overall control of fares and ticketing which would require less reallocation of fares revenue between multiple operators, therefore creating efficiencies.

8.9.14. With regards to an exit strategy from the Proposed Franchising Scheme, this would be developed should monitoring and evaluation of the scheme's performance during operation lead to a directive for a review of alternative bus reform options to take place. The Combined Authority however recognises that a decision to proceed with the Proposed Franchising Scheme now is significant and would impact the market irrevocably, and therefore could not be easily exited from, especially in comparison to the EP+. This has been considered as part of its assessment of the Proposed Franchising Scheme as the preferred option. Nevertheless, although Franchising is intended to be a long-term model, legislation provides an appropriate route to exit franchising if this was deemed appropriate. To do this, the Transport Act 2000 sets out that a scheme can be revoked if the authority is satisfied that:

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

8.9.15. Revocation follows the same procedure as the making of a scheme (except there is no requirement for the response to consultation to set out how SMO involvement will be facilitated as required by Section 123G(3), and the scheme cannot be revoked until at least 6 months after the authority publishes a notice setting out the decision. As a Mayoral Combined Authority, the Mayor would be required to take the decision to revoke the scheme.

8.10. Theme 9: employment

8.10.1. A key theme emerging from consultation, primarily with regards to both the Commercial Case and Management Case, is employment. This theme acknowledges 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
- Trade Unions and collective bargaining

8.10.2. The Combined Authority recognises that employment is a key matter, fundamental to the successful implementation of the Proposed Franchising Scheme and one that must be considered seriously. For clarity, the Combined Authority would only employ staff working internally within the organisation, as identified within the Management Case. Bus operators would continue to employ bus drivers, depot and vehicle maintenance staff, and other staff needed to provide bus services, as required by the Franchising contracts.

TUPE and staff transfer

8.10.3. This sub-theme acknowledges comments made about the proposed transfer of staff between employers that could happen under the Proposed Franchising Scheme and the application of the Transfer of Undertaking (Protection of Employment) Regulations (TUPE).

8.10.4. For example, CPT suggested that the Combined Authority should communicate its expectations regarding staff transfers clearly – including "*being clear to employees that they will be transferred across to a new operator under the TUPE regulations*" to ensure staff have confidence to remain in employment and in the sector if the operating model changes to a franchised regime.

8.10.5. Some stakeholders provided comments on the potential challenges of staff transfers and the willingness of staff to transfer, such as Globe and Station Coaches suggested the "*forced transfer of labour conditions will lead to conflict"* and Unite referenced *"numerous TUPE transfer"* as one of its concerns with the Franchising model (in addition to terms and conditions, pensions and collective bargaining).

8.10.6. Other respondents identified elements key to managing staff transfer successfully, for example Stagecoach suggested *"accurate Employee Liability Information data is key to successful transfer".*

8.10.7. Some stakeholders asked for more information about the application of TUPE, for example Leeds City Council wanted "*clarification over how drivers would be TUPE transferred between operators and what job security and employment rights they would have"*, and others set out their understanding such as Stagecoach which suggested its expectation "*is that employees principally connected to a route, depot or service will transfer from the outgoing operator to the incoming operator*".

8.10.8. Other respondents asked for further thinking on the management of transfer beyond TUPE such as Better Buses for West Yorkshire who suggested that "*TUPE is a start but does not provide the reassurance drivers deserve".* More specific comments around employment terms and conditions, pay and pensions, and how these may be impacted for employees transferring under TUPE regulations, are considered under later themes.

The Combined Authority's response

8.10.9. The Management Case identifies internal roles where employees could transfer into the Combined Authority from bus operating companies. It also clearly acknowledges that under the Proposed Franchising Scheme bus operator employees, such as drivers and vehicles maintenance staff, could transfer between operators as franchise service contracts are awarded.

8.10.10. TUPE will apply by virtue of section 123X of the Transport Act 2000 and The Franchising Schemes and Enhanced Partnership Schemes (Application of TUPE) (England) Regulations 2017, where an incumbent operator ceases to provide services at the time that a new operator starts to provide services under a franchise agreement. These Regulations also provide a framework for the provision of employee information by existing operators, and how employees will be assigned to particular franchise agreements for the purposes of TUPE.

8.10.11. To this end, the Combined Authority's Lotting Strategy (Appendix 3.1 to the Assessment) broadly maps to existing depots and/or groups of services which are currently provided by existing incumbent operators. This assists in ensuring that TUPE should apply to allow for drivers and other employees who are principally connected to services falling within a franchise contract to transfer under TUPE from their previous employer to the relevant new operator.

8.10.12. Transfer from one employer to another will happen automatically for employees of existing operators who are in scope to transfer under TUPE, but ultimately any individual employee can elect not to transfer and object. Nevertheless, the Combined Authority acknowledges the job insecurity that may arise in the situation where an incumbent operator is not awarded the franchise contracts regardless of whether the employee wishes to stay in employment with that company or not. Protections provided by TUPE in terms of employment terms and conditions, pay and pensions are considered in responses to other themes.

8.10.13. The Combined Authority recognises the transfer of staff between employers will need to be carefully managed and form a significant part of transition to the Proposed Franchising Scheme as well as during steady-state. 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.

Staff wages and pay

8.10.14. This sub-theme acknowledges comments made about the impact bus reform could have specifically on the wages and pay of both Combined Authority and bus operator employees.

8.10.15. Operators expressed concerns about the impact of staff wages on operating costs, the links to bid pricing assumptions and the need for protection against the commercial challenges this presents.

8.10.16. Trade Unions expressed concerns that there is currently disparity in pay across the region which needs to be addressed, and generally the low level of pay for bus drivers.

8.10.17. Leeds City Council requested that under the Proposed Franchising Scheme drivers are paid *"the living wage and above".*

8.10.18. Unite requested that the terms of franchising include standardised pay (alongside terms and conditions and pensions) and that these terms are done to the *"highest standard currently and not the lower".*

8.10.19. TUC suggested that "*only franchising provides West Yorkshire with the levers to achieve the highest standards of working conditions and decent pay for workers".*

8.10.20. Furthermore, Better Buses for West Yorkshire suggested they "*firmly insist that the Proposed Franchising Scheme commits to standardising pay, conditions, and pensions at a level that mirrors or surpasses the best standards existing under the current deregulated system. Depot variations should be eliminated, and precise pay structures and conditions must be explicitly outlined in the franchise contracts to prevent any erosion of employment rights."*

The Combined Authority's response

8.10.21. The Combined Authority recognises staff wages and pay, both internal and external, is an important consideration and key to creating an industry within which suitably qualified people want to work, and thus key to successful management of the Proposed Franchising Scheme.

8.10.22. Internally, the Combined Authority is currently compliant with the Living Wage Foundation's criteria and in January 2024 submitted an application for the relevant accreditation. Living Wage requirements have been considered as part of the establishment of pay-scales (and planned uplifts) and will be applied to any staff the Combined Authority directly employs under the Proposed Franchising Scheme. It is of course noted that only certain employees may be in scope to transfer to the Combined Authority (see above).

8.10.23. With respect to operator staff, under the Proposed Franchising Scheme the Combined Authority would not legally be able to specify staff wages and pay, beyond a requirement to comply with the Real Living Wage as a minimum. It would however be able to consider the operators' management of their staff as part of the quality assessment of their tender returns.

8.10.24. It is acknowledged that competition between operators may enable new entrants to bid competitively on price, which from the Combined Authority's perspective can help to increase value for money but may also indirectly impact operator employee wages. We would note that TUPE transfer of staff will reduce the ability of incoming operators to 'undercut' the wage rates of incumbents. Transferring employees' existing salaries would be protected under TUPE. Furthermore, incumbent operators may benefit from market knowledge and experience given their position and we would expect an incumbent operator's cost base to be different in a regulated environment (and given the Authority's depot and fleet strategy). Bidders will also have to be mindful of the risk of loss of drivers to other franchises if they seek to suppress wage rates below the industry position. Therefore, the Combined Authority believes that operator staff wages are more likely to equalise upwards and it expects assumptions relating to staff costs to be reflected in the prices which are bid by operators tendering for franchise contracts

Terms and conditions

8.10.25. This sub-theme acknowledges comments made about the impact bus reform could have on employment terms and conditions, both of Combined Authority employees and operator employees.

8.10.26. CPT acknowledged the existing difference in employment terms and conditions between operators, with operators suggesting staff would seek this to be addressed under the Proposed Franchising Scheme.

8.10.27. Unite requested standardised terms and conditions as part of the Proposed Franchising Scheme, and that it would like further input and discussion on this if the option is implemented.

8.10.28. TUC suggested the procurement of franchised services risked a *"race to the bottom"* and that trade unions need to be involved to ensure *"procurement does not diminish service standards or workers' pay, terms or conditions*".

8.10.29. Better Buses for West Yorkshire stated it believes this is a "massive area of concern" and suggested that "*in London, when contracts change hands drivers have often seen their pay, seniority, and conditions decrease*". To counteract this, it suggested "*as a minimum strong minimum conditions and pay are written into the contracts to level up all drivers to the best set of pay and conditions currently found in the region".*

8.10.30. The Wakefield and District Trade Unions and Council suggested that it is "*essential that bus drivers must have their terms and conditions increased and protected in any negotiations and changes to mode of delivery of services. Enhancement of services must come, with enhancements of terms and conditions not decreases"*.

8.10.31. The TUC Creative and Leisure Industry Committed referenced the Combined Authority's Fair Work Charter alongside its statement that *"bus franchising must not be implemented in such a way as to perpetuate the bad employment practices currently endured by far too many bus workers"*. Better Buses suggested they "*oppose any proposal linking procurement of franchise contracts to the Fair Work Charter, as this could potentially enable operators to diminish pay and conditions for workers.*"

The Combined Authority's response

8.10.32. As with staff wages and pay, the Combined Authority recognises employment terms and conditions more broadly is an important consideration and key to creating an industry within which suitably qualified people want to work, and thus key to successful management of the Proposed Franchising Scheme.

8.10.33. With respect to its own employees, updated Terms and Conditions of Employment were agreed in 2023 and have been effective as of January 2024, which introduced new benefits such as agile and remote working, and revised pay scales.

8.10.34. More broadly, the Combined Authority works to encourage fair terms and conditions of employment for workers across the Region. Mission 1 of the Combined Authority's West Yorkshire Plan sets out the region's ambition for 'a prosperous West Yorkshire – an inclusive economy with well paid jobs'. As set out in a 2024 report to the Combined Authority's Business, Economy and Innovation Committee, the Fair Work Charter (formally launched in November 2023) is an important part of achieving this mission by ensuring a fair and just economy that works for everyone. The Charter aims to ensure that everyone employed in West Yorkshire receives the greatest possible employment security, best working conditions, as well as promoting greater employee wellbeing, workforce diversity and social mobility, and so accelerate Inclusive Growth. It has five core themes:

- Opportunity
- Security
- Wellbeing
- Employee Voice
- Fulfilment

8.10.35. All businesses that engage with the Combined Authority will be strongly encouraged to adopt the Charter, including bus operators.

8.10.36. With respect to operator staff, under the Proposed Franchising Scheme the Combined Authority would not legally be able to specify employment terms and conditions within franchise contracts, beyond a requirement to comply with the Real Living Wage as a minimum. It will however consider an operator's management of their staff – including their alignment with the principles of the Fair Work Charter - as part of the quality assessment of tender returns.

8.10.37. To reiterate, it would be for operators to manage their relevant employees, however the Combined Authority would be able to specify what it would expect to see from operators regarding staff management, and would be able to place weight on operators that provide high standards in relation to the working conditions of their staff. Indeed, the Combined Authority currently intends to include alignment with the Fair Work Charter as part of its quality assessment of franchise contracts bids and rejects the suggestion that this would enable operators impose less favourable terms and conditions.

8.10.38. Furthermore, any staff that transfer due to the applications of TUPE will transfer to a new operator on their existing Terms and Conditions, which could mean that staff transferring to a new operator may be on different Terms and Conditions to that operator's existing staff. Where there are differences, it is more likely that Terms and Conditions of employees will equalise upwards. The Combined Authority will have a right to request more detailed information on the employment rights of transferring employees if a franchising scheme is made. The Combined Authority will take this into account in designing the tendering process to ensure that appropriate risks sit with the successful tenderers.

Pensions

8.10.39. This sub-theme acknowledges comments made about the impact bus reform could have on both Combined Authority and operator staff pensions, although the majority of such responses focussed on the latter.

8.10.40. Trade Unions made clear they think staff pensions need to be protected and / or improved (alongside pay, and wider terms and conditions of employment), for example the TUC suggested that pension protections for bus workers, which are not protected under law, "*is a conversation which must be addressed whatever decision is made as a result of the consultation*".

8.10.41. From an employer's perspective, CPT highlighted pension liabilities as an operator concern and that the Assessment's stated staff pension protection "*will require close working with operators".*

8.10.42. Similarly, Stagecoach suggested the concept of transferred staff receiving "*broadly comparable or better pensions*" is acceptable in most circumstances but that "*any members of Local Government Pension Schemes may need special arrangement to protect operators from long-service LGPS pension liabilities*".

8.10.43. TLC suggested pension protections could be a barrier to small operators participating in competition for franchise contracts.

8.10.44. Some comments welcomed the Combined Authority's proposals about managing staff pensions, for example, Calderdale Council said they have been reassured that "*the relevant processes will be followed on employment and pensions."*

8.10.45. Others requested more specific points of details relevant to them, such as Leeds City Council who requested further information regarding *"the small number of drivers who still received LCC pensions".*

The Combined Authority's response

8.10.46. The Combined Authority recognises that the pensions of both its employees and operator employees is an important point of consideration. It is necessary to make clear that it will only be directly responsible for the pensions of Combined Authority staff, not operator staff (such as drivers) – although as the franchising authority it will have the responsibility to ensure contracts are made on the basis that bidders commit to providing broadly comparable pension schemes.

8.10.47. Section 123X of the Transport Act 2000 (as amended by the Bus Services Act) protects the pension rights of staff who TUPE transfer between employers under a Franchising arrangement by requiring the new employer to provide such staff with pension benefits post transfer which are the same or 'broadly comparable' to the pension benefits they are entitled to pre-transfer. Within the Management Case, the Combined Authority recognised risks relating to this, including:

- that the Authority is unable to meet the statutory requirement to provide a 'broadly comparable' pensions scheme for transferees into the Authority from operators.
- Operators may not be able to meet this requirement and / or will incur significant cost to provide it.

8.10.48. A review of pensions data provided by operators was undertaken as part of the assessment, which found that the Combined Authority's pensions (and terms and conditions more generally) are more generous than operators which mitigates the risk of pensions issues relating to staff transfer into the authority by offering them a comparable or better pension. Furthermore, if a decision is made to progress with the Proposed Franchising Scheme, the Combined Authority will be entitled to request more detailed information in respect of the employment and pension rights of potential transferring employees and plan accordingly.

8.10.49. With regards to operator staff, pension protections (and other requirements of TUPE) will be a contractual requirement on the incoming operators and would be provided for under the franchise agreements, as per paragraph 1.113 of the Department for Transport's statutory Franchising Scheme Guidance, which states:

8.10.50. "All affected employees who transfer when franchising is introduced should be provided with access to a broadly comparable pension scheme. The Regulations set out the requirement placed on the new employer of transferred employees to obtain a pension statement. The statement is to be provided in writing from a Fellow of the Institute and Faculty of Actuaries who is to certify that the new employer's pension scheme offers the transferred employees, rights to the same or broadly comparable pension benefits as they had with the former employer. It is the responsibility of the franchising authority to ensure contracts are made on the basis that bidders commit to providing broadly comparable pension schemes".[3]

8.10.51. As highlighted by operators, going forward it is acknowledged the costs associated with staff pensions will be reflected in the pricing of bids for franchise contracts (as they would already have been reflected in cost-of-service provision pre-franchising).

8.10.52. For the majority of transferring employees, the winning bidder's obligation will be to provide a Defined Contribution Pension Plan. The employee and employer pension contributions to that plan must be at least equal to those enjoyed by the employee whilst employed by the previous operator. For example, where that operator offers matching contributions of 6% of basic pay, the winning bidder must offer the same or better. The winning bidder can choose the pension plan provider for this benefit, though, which could be the plan they already have in place for their existing employees.

8.10.53. As flagged in a number of consultation responses, the Combined Authority understands there to be around 130 employees in the region who are active/contributing members of the defined benefit Local Government Pension Scheme (LGPS). A winning bidder will have an obligation to continue the LGPS membership of these employees and to enter into an Admission Agreement to participate in the relevant LGPS Fund. The Combined Authority is aware of the uncertainty and risks around pension costs which can arise as a result of having employees in the LGPS, for example where ongoing employer contributions increase or an exit payment is triggered for reasons beyond the bidder's control. The Combined Authority is considering appropriate risk sharing measures for bidders around certain increases in defined benefit pension costs.

8.10.54. A winning bidder will not inherit any defined benefit pension liabilities relating to former employees of an incumbent operator, nor will the Combined Authority have any responsibility for those historic liabilities. They will remain the responsibility of the incumbent operator.

8.10.55. Based on consultation feedback, the Combined Authority recognises that it will need to further develop in detail its policy on pension protections and relevant requirements under franchise service contracts but that this does not change its overall position on management of the Proposed Franchising Scheme.

[3] The Bus Services Act 2017 - Franchising Scheme Guidance, The Department for Transport (2017) https://assets.publishing.service.gov.uk/media/5f632a3d8fa8f5106d156415/bus-services-act-2017-franchising-scheme-guidance.pdf

Trades Unions and collective bargaining

8.10.56. This sub-theme acknowledges comments made about the role of trades unions in bus reform and specific proposals put forward to manage employment related issues.

8.10.57. For example, the TUC suggested that "*the impact on workforce welfare cannot be overstated"* and that "*Franchising would help facilitate fair pay and conditions for bus workers through collective bargaining".*

8.10.58. Unite suggested that a Direct Labour Organisation that employs all drivers would be beneficial to the Proposed Franchising Scheme to "*guarantee equality across the whole franchised system*" and "*pension security for staff*".

8.10.59. Similarly, Better Buses for West Yorkshire stated "*we advocate for all workers to be municipally employed, ensuring a single employer to safeguard against risks to their employment status during transitions in franchise contracts*."

The Combined Authority's response

8.10.60. With regards to its own employees, as per its employee handbook, the Combined Authority recognises two Trades Unions, Unison and Unite, for collective bargaining purposes. GMB is recognised only for employees within the Policing and Crime team who transferred into the Combined Authority as part of the May 2021 TUPE Transfer. It is entirely optional and a personal choice for employees as to whether they join a trade union or not.

8.10.61. The Proposed Franchising Scheme does not envisage a publicly owned Direct Labour Organisation, or other form of central employment, and this has not been modelled by the Combined Authority. Under the Proposed Franchising Scheme, it will be for individual operators to manage their relevant employees, and any matters arising with Trades Unions.

8.10.62. For any employees who transfer to new operators under TUPE, any collective bargaining arrangements with Trade Unions should also transfer automatically to a new operator. Where no such arrangements are in place, employees may of course utilise the statutory union recognition process if they wish to seek recognition from their new employer.

8.11. Management Case Conclusion

8.11.1. This section has considered the responses received to the Bus Reform Consultation in regards to the Management Case. It has discussed and presented the Combined Authority's response to questions and queries raised through nine main themes identified which are organisational ability to manage; recruitment; management costs; managing risks; role of district councils and partnership working; future organisational change; consultation and engagement requirements; the EP+ and alternative management proposals; and employment.

Organisational ability to manage.

8.11.2. 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.

8.11.3. In response to this, the Combined Authority recognises the importance of many of these issues to the successful delivery of the scheme. 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 secure the additional resources, with appropriate skills and experiences, throughout transition ready for steady state. As well as providing clarity and expanding on detail with regards to certain points raised, the Combined Authority remains satisfied with its overall assessment of its own resourcing requirements. Furthermore, 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). The overall conclusion of this theme is that following the consideration of consultation feedback, the Combined Authority is satisfied its management proposals will provide it sufficient ability as an organisation to successfully manage the Proposed Franchising Scheme.

Recruitment

8.11.4. 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.

8.11.5. In response to this, the Combined Authority makes clear it will need to develop a detailed resourcing plan and consider recruitment and the application of TUPE as part of this, as set out in the Assessment. Nevertheless, within the Assessment resourcing risks are identified including that the 'Combined Authority is unable to recruit an adequate number of additional people to manage implementation' which could lead to a delay to implementation and additional costs. Suggested mitigations are that the resourcing plan will be developed well in advance of the resource being required - including consideration of workforce management and opportunities for existing staff to be redeployed/upskilled with their roles then backfilled - and a contingency budget for external consultants or contracts being available in case the resource is not made available with the Combined Authority.

Management costs

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

8.11.7. Through consideration of the responses received regarding management costs, the Combined Authority believes these costs are affordable to the Combined Authority and that the benefits and risks associated with these costs have been considered fully within the Assessment, particularly within the wider analysis of the Financial and Economic Case.

Managing risk

8.11.8. 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.

8.11.9. The response sets out that the Combined Authority recognises - as highlighted by consultees across comments relating to all five cases of the Assessment - the significant risk involved in delivery of the Proposed Franchising Scheme. Furthermore, the Combined Authority considers it has adequately considered risks as part of its overall Assessment and recommendation of the preferred way forward - including those associated with management of the scheme, as well other financial, commercial, and strategic risks. Risk has also been included as part of the economic and financial modelling. Furthermore, the Assessment has also set out the Combined Authority's approach to risk management – at both a programme and corporate level - which provides a robust way to implement and manage risks within the selected option going forward.

Role of district councils and partnership working

8.11.10. 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.

8.11.11. The response sets out that Combined Authority is committed to working in partnership to deliver policies, programmes and services and partnership work with West Yorkshire Local Authorities would continue under either bus reform option. Ongoing partnership working with other stakeholders, including bus operators, neighbouring LTAs, Mayoral Combined Authority areas and the Department of Transport would also continue to be key.

8.11.12. Whilst significant change to governance would be required, should the Proposed Franchising Scheme be progressed, the Combined Authority would wish to support the continuation of the West Yorkshire Bus Alliance through transition to manage ongoing delivery of services to customers.

8.11.13. The Combined Authority have also noted responses regarding highways management and KRN powers and recognises the role these policy mechanisms can have in delivering a successful bus system, working closely with Local Authority partners to deliver these. Although assumed under both options, it remains a separate policy decision to made alongside development of the new Local Transport Plan.

Future organisational change

8.11.14. This theme reflected queries around how the Combined Authority has considered future organisational change within its management proposals.

8.11.15. It concludes that the Combined Authority note responses regarding potential future organisational changes, such as the introduction of a Mass Transit system. As this programme is currently in development the Combined Authority cannot accurately predict the impact of the scheme.

8.11.16. Due to timelines associated with the introduction of such a scheme, it is likely that the benefits of bus reform would be realised before then, making it a sensible approach to proceed with bus reform on a standalone operational model which can then be adapted as a mass transit system is introduced.

Consultation and engagement requirements

8.11.17. This theme reflected 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.

8.11.18. The response acknowledges that the Combined Authority agrees this is very important. This activity will utilise the organisation's existing consultation and engagement function, and new resources. 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. Nevertheless, the Combined Authority will consider appropriate formal engagement mechanisms, both digital and in-person, and welcomes the offer from stakeholders and the public to work with it to develop these proposals and plans in more detail at appropriates times throughout the transition period and into steady-state.

The EP+ and alternative management arrangements

8.11.19. 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,

8.11.20. The Combined Authority has considered responses under this theme and stands by the conclusion of the Assessment's Management Case that it would be able to manage the EP+, and that this would be with fewer resource and at a lower cost than that required to manage the Proposed Franchising Scheme.

8.11.21. The Combined Authority notes that the EP+ is still ultimately dependent on operator agreement, including development of a legally binding set of arrangements building on the existing enhanced partnership, which creates some uncertainty on benefit realisation under this option.

8.11.22. Furthermore the theme considered the legal provisions for exiting a franchising scheme, should that be required in the future.

Employment

8.11.23. 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.

8.11.24. Responding to each sub-theme, the Combined Authority recognises the importance of employment issues and the legal requirements involved, as well the Combined Authority's existing and future ambitions to support the working conditions and opportunities of its staff and workers across the region more broadly.

8.11.25. This includes a commitment to consider the working conditions of bus operator employees – including alignment with the Combined Authority's Fair Work Charter - as part of the quality assessment of bus operator bids for franchised service contracts.

8.11.26. Furthermore, 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.

8.11.27. With regards to its own employees, the Combined Authority will also continue to engage closely trade unions, including for the purpose of collective bargaining.

Overall Conclusion

8.11.28. Following consideration of the comments raised in response to the Management Case, the Combined Authority remains of the conclusion that, with additional competencies and resources, it can manage the Proposed Franchising Scheme through its existing organisational structures – including management of associated risks.

8.11.29. 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).

8.11.30. 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.

9. Equality Impact Assessment

9.1. Introduction

9.1.1. Under the Equality Act 2010 the Combined Authority is required in the exercise of its functions to have due regard to the need to:

- Eliminate unlawful discrimination, harassment, and victimisation.
- Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it.
- Foster good relations between those who have a relevant protected characteristic and those who do not.

9.1.2. The Combined Authority uses an Equality Impact Assessment (EQIA) exercise to consider the equality impacts of any new project or service and assess any disproportionate impacts on persons with protected characteristics.

9.1.3. Relevant protected characteristics on the Proposed Franchising Scheme are age; disability; gender reassignment; pregnancy and maternity; race; sex; and sexual orientation.

9.1.4. The draft 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.

9.1.5. No impact, or neutral impact was seen across the protected characteristics of religion or belief, marriage, and civil partnership.

9.1.6. In the consultation document Question 7 of the short questionnaire and Question 47 of the long questionnaire asked consultees for their comments on the potential impacts identified in the draft EQIA of the Proposed Franchising Scheme on persons with protected characteristics. Additionally, there were some responses to the strategic case which apply to the EQIA and are considered below.

9.1.7. Overall, there were 733 participants who provided comments in response to the potential impacts of the Proposed Franchising Scheme on persons with protected characteristics. The DJS Research report shows that 689 members of the public commented on the draft EQIA with broad support as 139 suggested that the Proposed Franchising Scheme would improve accessibility for protected groups while a further 132 agreed with the EQIA.

9.1.8. The DJS Research report captures some other general points made from members of the public including that 66 participants hoped that the Proposed Franchising Scheme would improve bus service quality. 34 respondents commented that the Scheme was encouraging diverse views and consultation from the public, although a smaller proportion, 14 people, commented that further consultation would be beneficial.

9.1.9. Non-Statutory consultees similarly recognised the importance of ensuring that equitable outcomes were at the heart of the Proposed Franchising Scheme. Ilkley Town Council felt that franchising could improve the services provided for those with protected characteristics as their needs could be catered to. Bramhope & Carlton Parish Council, Bradford-Shipley Travel Alliance, and Crossgates and District Good Neighbours all emphasised the importance of continuing engagement with persons with a protected characteristic.

9.1.10. There was broad consensus amongst statutory consultees that equality, diversity, and inclusion considerations were vitally important. Bus Users UK said, "*addressing issues that impact people with a protected characteristic will be a positive step towards creating a more inclusive transport system.*" While Wakefield and District Trade Union Council felt that "*Equality implications for bus* *transport are particularly important as bus transport is the only means of travel for some of the most disadvantaged members of the community."*

9.1.11. There were also generally positive comments from the statutory consultees on the findings of EQIA and the conclusion that the Proposed Franchising Scheme would have a positive impact on people with a protected characteristic. Action for Yorkshire Transport responded, "*We support the Proposed Franchising Scheme's provision of an Equality Impact Assessment*" whilst Better Buses for West Yorkshire stated that "*we are reassured by the Equality Impact Assessment indicating a positive impact resulting from bus franchising*." A common theme across consultees was an emphasis upon the importance of accessibility, safety, and inclusivity in the bus network and the opportunities afforded by the Proposed Franchising Scheme to go further in this regard.

9.1.12. A few participants raised the point that an EQIA had not been included for the EP+ with many respondents feeling unsure if EP+ could offer the same level of opportunities to people with protected characteristics as the Proposed Franchising Scheme.

9.1.13. One respondent questioned whether the EQIA was necessary given that the bus industry did not intentionally discriminate against persons with protected characteristics. The evidence base for the EQIA sets out the inequity in how persons with protected characteristics currently experience the bus network and demonstrates the need for, and importance of, a close consideration of the impacts of the Proposed Franchising Scheme on the bus system.

9.1.14. Other comments from respondents to the consultation relating to the EQIA have been grouped into themes and will be considered in turn.

9.1.15. This section is structured over the following themes:

- Benefits not included in the EQIA
- Format of the EQIA
- Further involvement of protected characteristics groups
- Vehicle specification
- Importance of personal safety

9.2. Theme 1 – Benefits not included in the EQIA

9.2.1. A number of statutory consultee responses identified potential benefits of the Proposed Franchising Scheme which had not been included in the EQIA. For example, Leeds City Council referenced the way in which the Proposed Franchising Scheme could specifically benefit older women which had not been explicitly drawn out in the EQIA.

9.2.2. The EQIA is a proforma document to capture the process undertaken to embed equality, diversity, and inclusion considerations in the Combined Authority's activities. While the EQIA is not an exhaustive treatment of all potential benefits of the Proposed Franchising Scheme it is important to note that no additions raised by respondents would impact the conclusions of the EQIA.

9.2.3. The EQIA is a live document and so further understanding will be fed in and if the Proposed Franchising Scheme is made, the EQIA will be reviewed after 12 months of implementation.

9.2.4. In regards to the specific comments raised by Leeds City Council highlighting the data and benefits to older women, additional sources have been used to update the Stage 1 EqIA since initial publication. This references the *Age UK – the future of transport in an ageing society* report and demonstrates that older women tend to use public transport more than older men. The potential impacts are also discussed within Stage 2 of the updated EQIA.

9.3. Theme 2 – Format of the EQIA

9.3.1. Leeds City Council found that the format of the EQIA was an impediment to understanding it clearly, particularly with regard to cumulative impacts across multiple protected characteristics.

9.3.2. As discussed in Theme 1 the West Yorkshire Combined Authority uses a pro-forma document to record what has been considered and what evidence was used in completing the EQIA. The proforma has been adopted across the organisation and it is part of the Combined Authority's corporate processes, so it is not possible to alter the format of the document.

9.3.3. On cumulative impacts specifically, the EQIA considers each protected characteristic in turn, but it is recognised that people may belong to more than one protected characteristic and this intersectionality means that multiple factors identified in the EQIA may be relevant.

9.4. Theme 3 – Further Involvement of Protected Characteristic Groups

9.4.1. Several consultees discussed the importance of continual consideration of the needs of people with protected characteristics and involving them in the development of bus reform through a variety of means, suggestions from respondents included ongoing consultations as well as inclusion in a future participatory board.

9.4.2. Transport Focus's response recognised the need for continual engagement and acknowledged that the Proposed Franchising Scheme would give the Combined Authority more control over the bus network but felt that the way this influence would be used to address accessibility and inclusion was undetermined.

9.4.3. The purpose of the EQIA is not to explicitly set out interventions under a Proposed Franchising Scheme but rather to assess the likely impact on persons with protected characteristics. The EQIA identifies the potential benefits available under the Proposed Franchising Scheme around improvements and consistency in customer information, onboard bus standards and accessibility, safety before and during travel, and the pricing of tickets.

9.4.4. The EQIA highlights the desire to further understand the needs of customers through considering future opportunities to collect passenger feedback.

9.4.5. In line with the comments under this theme, several updates have been made to the EQIA document to reflect the need to further involve and engage. This is noted within the 'what are your next steps' sections in Stage 2 of the EQIA. The EQIA will be made available to the Combined Authority and Mayor as part of the decision-making process.

9.4.6. The EQIA itself is a live document and so further understanding will be fed in and if the Proposed Franchising Scheme is made, the EQIA will be reviewed after 12 months of implementation.

9.5. Theme 4 – Vehicle Specification

9.5.1. Some consultees commented on the specification for vehicles under a franchised model and emphasised the importance of providing more spaces for wheelchairs as well as the use of audio and visual announcements to make bus services more accessible.

9.5.2. The EQIA identifies the opportunity that the Proposed Franchising Scheme would provide in this regard as it would allow the Combined Authority control over the accessibility of the bus fleet and ability to provide a constant onboard offer with adequate space for wheelchairs, as well as audio and visual technology. Vehicle specification would be considered in the specification of contracts should the Proposed Franchising Scheme be made.

9.5.3. This is discussed in the 'what can you do' section under disability within Stage 2 of the EQIA. Additional wording has been added which stresses the opportunity for the Proposed Franchising Scheme to introduce a standardised fleet which would offer a consistent customer offer.

9.6. Theme 5 – The Importance of Personal Safety

9.6.1. Bus Users UK and the TUC both discussed the importance of safety and security on bus journeys.

9.6.2. The EQIA identifies the evidence base for how people with protected characteristics might feel unsafe when using the bus. It also sets out that in 2022 the Combined Authority piloted a bus safety feedback tool that allowed passengers to report what types of things were making them feel unsafe and where and when that was happening. Further analysis of this data will be explored, and actions planned appropriately.

9.6.3. The control the Proposed Franchising Scheme offers over the network (such as the setting of service frequencies and routes) could also help resolve some of the issues such as safety and difficult interchange which were identified in the EQIA.

9.6.4. No specific updates have been made in regards to this theme, but emerging data on safety will be used to update the EQIA.

9.7. Conclusion

9.7.1. The importance of inclusivity and accessibility in the bus network was emphasised in many responses with core issues identified around vehicle specification, safety and security, and ongoing dialogue with persons with protected characteristics.

9.7.2. Several helpful points were raised in the consultation which provided additional insight into the experiences and concerns of passengers.

9.7.3. These points have been be considered and an updated EQIA has been provided alongside this report (Appendix 6). It is noted that the EQIA is a live document and that further data and insight will be used in the future. If the Proposed Franchising Scheme is made, the EQIA will be reviewed after 12 months of implementation.

9.7.4. No comments were raised by consultees relating to the EQIA on the Proposed Franchising Scheme which would result in any material changes at this time.

10. Assessment Conclusion

10.1. Introduction

10.1.1. The chapter identifies and responds to key themes arising from the consultation with regards to the Assessment conclusion / summary, which set out that the Proposed Franchising Scheme was the preferred way forward, subject to outcomes of the Audit and Consultation.

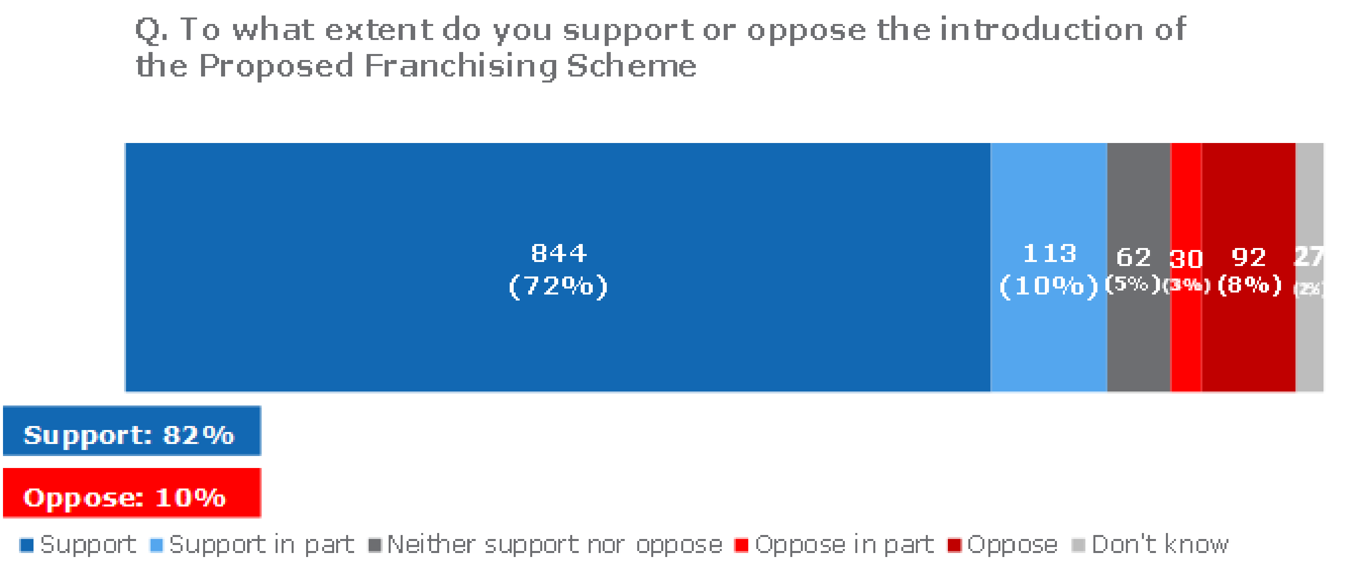
10.1.2. Three questions were included in the short questionnaire focussed on the Assessment conclusion:
Q8. Overall, to what extent do you support or oppose the introduction of the Proposed Franchising Scheme?
Q9. Are there any changes that you think would improve the Proposed Franchising Scheme?
Q10. Do you have any further comments?

10.1.3. Four questions were included in the long questionnaire focussed on the Assessment Conclusion.
Q43. The Assessment concludes that the Proposed Franchising Scheme is the best way to achieve the strategic objectives of the Combined Authority. Do you have any comments on this?
Q44. Overall, to what extent do you support or oppose the introduction of the Proposed Franchising Scheme
Q45. Are there any changes that you think would improve the Proposed Franchising Scheme?
Q46. Do you have any further comments?

Summary of stakeholder and general public responses

10.1.4. As per the DJS Research summary report, a total of 1,167 participants in the consultation provided a response to this question asking to what extent the support or oppose the introduction the Proposed Franchising Scheme (question 8/44).

Table 9.1: Support/opposition to the Proposed Franchising Scheme



10.1.5. Overall, nearly three-quarters 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.

10.1.6. 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'.

10.1.7. 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).

10.1.8. After responding to the closed question, participants were asked to explain why they supported or opposed the Proposed Franchising Scheme, why they neither supported nor opposed it or did not know. A total of 957 participants supported the Proposed Franchising Scheme and a total of 122 participants opposed it.

10.1.9. All participants were also asked if they would propose any changes to improve the Proposed Franchising Scheme. A total of 697 participants provided a response to this question.

10.1.10. Repondees also took the opportunity to provide other comments relating to the Assessment conclusion that did not directly relate to why they support / oppose the proposed franchising scheme or how it could be improved

10.1.11. Responses to these questions, as summarised in section 4 of the DJS Research report 'Overall opinion of the Proposed Franchising Scheme', provided a large volume of substantive content, the majority of which has been considered under the thematic analysis relating back to individual cases, particularly the Strategic and Commercial cases

10.1.12. The key additional themes emerging from the consultation on the Assessment Conclusion, that could not be related back to case-specific themes, are:

- Theme 1: Support and other comments on the preferred option
- Theme 2: Support for the process
- Theme 3: Operators support for the West Yorkshire bus market
- Theme 4: Putting passengers first
- Theme 5: Impacts on SMOs
- Theme 6: Comments on political / Mayoral ambitions
- Theme 7: Commitments to work with the Combined Authority
- Theme 8: Further work to be done

10.2. Theme 1: Support and other comments on the preferred option

10.2.1. This theme acknowledges comments made specifically supporting the conclusion of the Assessment – that on balanced consideration franchising is the preferred option for implementing bus reform.

10.2.2. For example, Stagecoach said "*we agree with the conclusion and look forward to being a supportive partner with WYCA in transforming travel in West Yorkshire*". TUC said "*we support the conclusion that franchising is the better option for bus services in West Yorkshire – for the environment, for passengers, and for working people*". Calderdale Council stated "*it fully supports the implementation of Bus Franchising in West Yorkshire, as the Assessment has concluded this is the best long-term option for public transport in the region*".

10.2.3. However, as well as support for the preferred option, consultees provided a wide range of comments on Franchising, as well as the 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+
- Negatives of EP+

10.2.4. The benefits and negative of franchising, as well as alternative models of EP+, have been considered in detail within the Assessment itself and across other themes within the Consultation Response, including primarily Strategic Case Theme 3 'Bus Reform Options' (see section 4.4), and are therefore not responded to in detail here.

10.2.5. The Combined Authority acknowledges the support amongst some consultees for the preferred option, the Proposed Franchising Scheme, at put forward by the Assessment. It also recognises other consultees expressed concerns or disagreement with this and has considered this equally. The recommendation on a preferred way forward has not been based simply on the percentage of respondents in favour against either option. Nevertheless, the Combined Authority notes a majority of consultees are in support of progressing with the preferred option as set out within the Assessment, the implementation of the Proposed Franchising Scheme.

10.3. Theme 2: Support for the process

10.3.1. This theme acknowledges comments made supporting the process undertaken by the Combined Authority in conducting the Assessment and seeking stakeholder views via the consultation. For example, South Pennine Community Transport said "*Lastly, we thank the Mayor for undertaking this process of consultation and providing a suitable length of time and opportunity to respond*". Similarly, Leeds City Council suggested they "*believe the Consultation to be very thorough, and we have expressed all our opinions"* and Kirklees Council suggested "*we thank the Mayor for undertaking this process of consultation and providing a suitable length of time and opportunity to respond."*

10.3.2. The Combined Authority thanks consultees who provided support for the process of assessing the bus reform options. The Combined Authority has sought to act in strict accordance with the requirements of the Transport Act 2000 and with the best interest of the West Yorkshire based communities that it serves.

10.4. Theme 3: Operators support for the West Yorkshire Bus Market

10.4.1. This theme acknowledges comments made by bus operators in support of buses in West Yorkshire. For example, CPT stated that "*CPT and bus operators are ready to work with WYCA to implement the delivery model taken forward, and hope to collaborate in partnership to achieve joint aims and the best outputs for the local passengers in the West Yorkshire Region*".

10.4.2. The Combined Authority welcomes operators who expressed their intentions to support the West Yorkshire bus market. The Combined Authority recognises that under all options considered by the Assessment it is reliant on operators to ultimately deliver bus services and that a vibrant competitive market, with operators who are commitment to shared strategic goals, will deliver best results for the Region.

10.5. Theme four: Putting passengers first

10.5.1. This theme acknowledges comments made about put the needs of local bus customers first in consideration of bus reform. For example, Bus Users UK suggested *"as an advocate for the passenger, we have no strong preference as to which model is best, just that it delivers the best service possible for passengers as swiftly as possible and that it has a long-term, ring fenced pledge of sufficient funding to maintain a good level of service".* Similarly, Transport Focus advised that *"the acid test for the proposal will be what benefits it will bring to passengers and how it will improve the delivery of services".*

10.5.2. The Combined Authority concurs that putting the interest of passengers is paramount to its assessment of bus reform, and this is embedded in the objective of an 'Improved experience for customers' and the associated sub-objectives drawn from the West Yorkshire BSIP delivery areas which would address customer challenges with the current bus system. On the basis of the Assessment, the Combined Authority believer the Proposed Franchising Scheme offers the greatest potential to achieve the intended outcomes, including an improved and more attractive bus service for local bus customers, and this informs the recommendation of it as the preferred way forward.

10.6. Theme 5: Impact on SMOs

10.6.1. Common to other cases, 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. For example, Globe and Station Coaches said "*the introduction of a 'one size fits all' franchise scheme disproportionally disrupts the small operators business model which for many will no longer be viable*." Similarly, Ross Travel said "*smaller operators should not be put in a position of losing their business just because bigger operators and politicians have made such a mess*". Furthermore, Connexions suggested "*SME's need protecting fully with guarantees of continuation, or failing that, a re-imbursement for the confiscated services and intellectual property*". This theme also emerged strongly from consultation feedback received with regards to the Commercial Case.

10.6.2. The Combined Authority has considered seriously comments raised with regards the impact of bus reform on small-to-medium sized bus operators, particularly how the Combined Authority facilitates their involvement in the Proposed Franchising Scheme as per its legal requirements under the Act. The Commercial Case theme 5 'Consideration of impact on small and medium sized operators' responds to this in further detail, including explaining how the Combined Authority has set out how it will mitigate negative impacts through it's approach to lotting and contracts which would be further developed if the Proposed Franchising Scheme is made. It remains of the view that the Commercial Case reflects this, and that the measures in place respond to concerns.

10.6.3. However in response to the point raised by Connexions on guarantees of continuation, It is not the intention that the Combined Authority guarantee SMOs access to contracts, as this would not be consistent with obtaining the most advantageous tenders for services. The Combined Authority would look to engage with SMO operators to make sure they were involved in market engagement and they were involved in market engagement and had the opportunity to be fully prepared to be able to bid for contracts.

10.6.4. It is also not the Combined Authority's position that it should re-imburse operators for loss of services by introduction of the scheme. In particular, the legislation does not contain any provision for the compensation of any person adversely affected by the introduction of a franchising scheme. The Combined Authority does however need to consider whether the benefits of franchising are in the public interest, compared to the alternatives are justified.

10.6.5. The Combined Authority notes that Connexions concern is about the loss of their intellectual property in routes. It is noted that whilst Connexions may have built up some goodwill in respect of services that they provide in West Yorkshire which may become subject to the Proposed Franchising Scheme, under the current deregulated environment it remains open for any other operator to register competing services on those routes and compete with them, and there is not an ability for Connexions, or other operators, to restrict other operators from competing on this basis under the current de-regulated environment. The same applies under EP+ where if route restrictions did lead to such a restriction on competition, the route would become subject to a right for the Combined Authority to run a procurement, in order to maintain competition, which could again lead to Connexions or other operators losing those routes. Therefore whilst the unavailability of compensation is a relevant factor for the Combined Authority to consider in considering the impacts of the scheme on Connexions, the level of loss suffered in respect of rights in routes seems limited given that Connexions do not have any exclusive rights to any of their registered routes.

10.7. Theme 6: Comments on political / Mayoral ambitions

10.7.1. This theme acknowledges comments made suggesting politics has had a negative influence on the bus reform assessment. For example, Ross Travel Group, Globe and Station Coaches, said "*Sadly this proposal continues the trend of using public transport at a political football and seeks to introduce a structure that would be very difficult to reverse if it fails. The current track record of similar attempts is not good and many changes have been introduced with an eye on immediate electoral success of politicians rather that long term solutions*". Similarly, J&B travel advised they feel the conclusion "*is a rather biased view based on the fact our mayor had already advised her requirement to move to franchising*". Connexions suggested "*figures can be massaged to say what they want -I'd like to see a truly independent assessment of the two schemes*".

10.7.2. Under its constitution, the Combined Authority takes direction from the democratically elected Mayor of West Yorkshire and the councillors from our West Yorkshire partner councils of Bradford, Calderdale, Kirklees, Leeds and Wakefield, and a non-voting member representing the City of York Council. The Combined Authority is committed to upholding the highest standards of governance and conducting its activities with the principles of openness and transparency. To facilitate transparency, the Combined Authority and its committees all take decisions at meetings held in public, all of which can be attended in person, watched online, with reports and minutes also published online.

10.7.3. Furthermore, under law, the decision on whether to implement the Proposed Franchising Scheme sits with the Mayor specifically. To enable consideration of this decision, the Combined Authority has been required to follow the process set out under the Act. This has included preparation of the evidence-based Assessment, external audit and consultation before it can provide a final recommendation to the Mayor.

10.8. Theme 7: Commitments to work with the Combined Authority

10.8.1. This theme acknowledges comments made by stakeholders providing their commitment to work with the Combined Authority to deliver bus reform. For example, CPT said "*we reiterate that bus operators support the outcomes that WYCA want to achieve and want to work in partnership with WYCA to deliver these outcomes regardless of the delivery model taken forward*." Similarly, Transport Focus said, "*we will be pleased to discuss the points raised in our submission in greater detail and to work with WYCA to support and underpin passengers' interests*." Similar commitments were made by other local councils and transport authorities, such as Transport for Greater Manchester which suggested "*we are happy to share any lessons learnt or best practice which develops from our experience in these areas as we continue to franchise the bus network in GM*".

10.8.2. The Combined Authority thanks stakeholders who provided their commitment to work with us to implement the bus reforms options and achieve the desired outcomes for passengers and the Region. As recognised in analysis of responses with regards the management case both partnership working and consultation and engagement will be crucial to successful implementation of the Proposed Franchising Scheme.

10.9. Theme 8: Further work to be done

10.9.1. 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. For example, Leeds City Council said *"we suggest there are issues particularly to Leeds that may not have been appropriate to cover in detail within the WY wide assessment. We believe these can be explored by the Combined Authority to improve the offer for the public in Leeds".* More broadly, Campaign for Better Transport said "*the Proposed Bus Franchising Scheme is a critical policy, but it must be combined with other policies to encourage bus use and the delivery of modal shift"*.

10.9.2. The Combined Authority recognises further work is needed to be done to develop in detail the plans for implementation of the Proposed Franchising Scheme in order to ensure it is a success, and many of these have been acknowledged within the Consultation Response, the Assessment and the BSIP. Nevertheless, with regards to a decision on whether to implement the Proposed Franchising Scheme, it is confident that the work done to date is thorough and sufficient for the stage in the process the Combined Authority is at and to inform a recommendation to the Mayor.

10.10. Conclusion

10.10.1. The Combined Authority acknowledges and thanks consultees for all comments provided with regards to its Assessment conclusion. It is clear there is difference of opinion across stakeholders, with some in support and other against implementation of the Proposed Franchising Scheme, and that within these views there are important, specific points for consideration.

10.10.2. 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.

10.10.3. 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.

10.10.4. 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.

10.10.5. 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.

10.10.6. Finally, the Combined Authority acknowledges further detailed work need to be done in order to successfully implement the scheme, and realise its full ambitions for buses in West Yorkshire.

10.10.7. The following section, the Consultation Response conclusion, sets out on a case-by-case basis whether the Assessment conclusions are still valid.

11. Consultation Response conclusion – final recommendation to the Mayor

11.1. Introduction

11.1.1. This chapter provides a conclusion to the Combined Authority's Consultation Response, building on its response to the Assessment Conclusion and individual Cases, to provide a final post-consultation recommendation of the preferred way forward for Bus Reform.

11.1.2. As set out in its conclusion, the Assessment of the options for Bus Reform in West Yorkshire was completed by the Combined Authority in accordance with the Transport Act 2000 (as amended by the Bus Services Act 2017) which sets out the statutory process authorities must follow in order to decide whether to implement a franchising scheme.

11.1.3. An Enhanced Partnership 'Plus' and Franchising option were assessed in detail against the Enhanced Partnership 'as is' (reference case), with the aim of identifying which option best achieves the Combined Authority's strategic ambitions for bus and wider transport, as well as responding to other social, economic and environmental challenges which all form part of the reason as to why bus reform is necessary in West Yorkshire. Importantly, the assessment also tested that the options offered Value for Money, were affordable and deliverable.

11.1.4. In accordance with the requirements of the Act, the Assessment externally audited and then consulted on. The analysis of the feedback received through that statutory consultation has been set out in this Consultation Response report.

11.1.5. The following narrative sets out the Response's conclusion on each case, in respect to the consultation's impact on the Assessment's original conclusion – that Franchising is the preferred option for the Combined Authority to progress with Bus Reform in West Yorkshire – and sets out a final recommendation to the Mayor.

11.2. Strategic Case

11.2.1. On the Strategic Case, the Assessment concluded that it had established the Combined Authority's strategic ambitions for bus and the current challenges facing the existing system – particularly, declining bus patronage and financial instability which has resulted in network decline and greater reliance on public sector funding support to maintain service levels. It detailed the development of suitable bus reform objectives to reflect both customer and operator market challenges alongside the development of outcomes that would contribute to the local policy objectives set out in the West Yorkshire Transport Strategy (2040) and Bus Service Improvement Plan.

11.2.2. The options considered across the case included the EP+ which built on the initial work of the Combined Authority and additional interventions that came out the proposals submitted by West Yorkshire Bus Operators. This was considered alongside the Proposed Franchising Scheme. The case identified that both could deliver interventions and improvements above and beyond the EP Reference Case – especially contributing to better outcomes across network, fares and ticketing, and customer service and information delivery areas.

11.2.3. Despite the benefits of the EP+, uncertainty remained across interventions that required further operator agreement and negotiation, and in some cases 3 additional public sector funding. The Strategic Case concluded that the Proposed Franchising Scheme would offer better control and certainty for the Combined Authority in meeting its overarching strategic policies and bus reform objectives and therefore delivering better outcomes for the citizens of West Yorkshire.

11.2.4. As per section 4.11, this Consultation Response concludes, both in terms of support for and challenges to the Strategic Case the Combined Authority are confident in the evidence presented in the Strategic Assessment and the conclusions it came to.

11.2.5. 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.

11.2.6. 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 enhanced partnership plus option due to the control and certainty it would provide over delivery of strategic benefits.

11.3. Economic Case

11.3.1. The purpose of the Economic Case within the Assessment was to demonstrate the Value for Money of the two alternative Bus Reform options with reference to HM Treasury's Green Book Guidance and Department for Transport's Franchising Guidance The options were assessed against the reference case, which is the currently expected future bus network and services that would be operated without any further Bus Reform or significant intervention from the public sector.

11.3.2. The results of the forecasting and Economic Appraisal are presented, in terms of the benefits, revenues, and costs of each option appraised. Where possible, the distribution of these impacts across different groups in society (including passengers, the Combined Authority, other authorities, bus operators and wider society) has been presented.

11.3.3. The Economic Case concludes by presenting the NPV of monetised impacts and a Value for Money Assessment, in line with the DfT's Franchising guidance. Both reform options represent 'very high' Value for Money to the public based on the results of the Economic Appraisal. Compared to the EP Reference Case, both options are forecast to generate benefits higher than the costs required to implement either option. The 'very high' Value for Money Assessment can be interpreted as both options being justified interventions for the Combined Authority to make, with the decision between the two options to be based on wider considerations set out across the other cases of the Assessment.

11.3.4. As per section 5.9, this Consultation Response concludes that the Combined Authority remains confident that the findings of the Economic Case are robust. A range of comments were considered, and in some cases additional sensitivity tests conducted but none of the responses raised issues which significantly affect the case outcomes.

11.3.5. Both bus reform options represent 'very high' Value for Money 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.

11.4. Commercial Case

11.4.1. The Commercial Case within the Assessment explored the commercial impact of each option on the bus operator market and assessed them against Commercial Success Factors set out by the Combined Authority, including Transport Authority Influence, Best Value, Driver of Competition, Appropriate Risk Allocation and Ease of Implementation. This concluded that Franchising maximises the potential to meet these factors, allowing the Combined Authority better control for the delivery of bus services overall, however, it also note this present significant implementation, operation and financial risk that will need to be managed.

11.4.2. As per section 6.9 of this report, this Consultation Response has demonstrated a wide variety of comments on the Commercial Case. 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.

11.4.3. Whilst the Combined Authority remains confident following the consultation feedback that from a commercial perspective, either bus reform option is deliverable, it maintains that the CSFs can be better rmet 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.

11.5. Financial Case

11.5.1. The Financial Case within the Assessment explored whether each option was affordable to the Combined Authority within the budget available and under different scenarios. Its analysis concluded that both Enhanced Partnership Plus and Franchising offer substantial benefits over the reference case in terms of passenger journeys delivered for the same budget. Franchising is forecasted to provide greater benefit in this regard, but requires the Combined Authority to carry more risk, both in terms of carrying cost and revenue risks and more asset risk, in order to reduce barriers to entry for new operators, and increase competition for contracts. Both options are concluded to be affordable to the Combined Authority.

11.5.2. 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.

11.5.3. As per section 7.9, this Consultation Response concludes that responses on the financial case of the assessment have highlighted that there are concerns among stakeholders about the overall costs of delivering the Proposed Franchising Scheme and the risks that are associated with delivery. In relation to the costs, this chapter has considered specific points raised and can conclude that having considered these this has not altered the view that options remains affordable within the budget available and under different scenarios, with the Combined Authority having means by which future funding requirements can be managed. On the risks, specifically financial risk, the comments have reinforced the conclusion of the assessment that the Combined Authority would be carrying increased cost and revenue risks and more asset risk under the franchising model. However, the Combined Authority is of the view that such risks can be managed in line with its approach to risk management (outlined under the management case theme 4 'Managing Risk', see section 8.5) and as highlighted in public responses in the DJS Research report, that risks are recognised as being necessary to deliver the benefits of bus reform, which the assessment suggests franchising is forecast to provide greater passenger journeys than the alternative options.

11.6. Management Case

11.6.1. The Management Case within the Assessment explored whether each option was deliverable by the Combined Authority and how it would manage and mitigate risk. Franchising would entail an expansion of responsibilities and require incremental resources and competencies, but the case sets out how this can be achieved through the existing corporate structure. The changes required to deliver EP+ would be more limited in comparison, but it is likely that there would be some duplication of roles between the Authority and operators under this option. Both options are concluded to be deliverable.

11.6.2. As per section 8.11, this Consultation Response has demonstrated 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.

11.6.3. 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.

11.6.4. 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.

11.6.5. 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).

11.6.6. 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.

11.7. Equality Impact Assessment

11.7.1. An Equality Impact Assessment has been developed and consulted on to support the Proposed Franchising Scheme. 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.

11.7.2. 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. Minor amendments have been made to the EqIA to reflect some of the points made in the consultation relating to these themes. An updated Equality Impact Assessment has been provided at Appendix 6 to this report.

11.7.3. With these additions the Combined Authority is confident in the updated Equality Impact Assessment. 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.

11.8. The Proposed Franchising Scheme – legal and other considerations

11.8.1. The Proposed Franchising Scheme is the draft of the legal scheme which is required to be made in accordance with the Act in order to implement franchising across buses in West Yorkshire. The details within the Proposed Franchising Scheme included:

- The date on which the franchising scheme is to be made, this was expected to be 14 March 2024
- The date the franchising scheme would come into operation, this was expected to be 28 June 2026
- Details on franchise contracts including the minimum mobilisation period (the time between a contract start date and buses being on the road) which was specified as nine months
- Information on the routes included in the franchising scheme and services which will not be included (see Annex 1, 2 and 3 of the Proposed Franchising Scheme document published as part of the Bus Reform Consultation)
- Details on plans for consultation on the operation of the scheme (see paragraph 8)
- The variation and revocation of the existing enhanced partnership plan and schemes

11.8.2. The Proposed Franchising Scheme sets out the franchised bus network, with franchising powers allowing the Combined Authority to determine service frequencies and timetables for these routes. Bus operators would bid to run the bus services included in the Proposed Franchising Scheme through a competitive procurement process managed by the Combined Authority.

11.8.3. Franchised bus services would be operated by bus operators under franchise contracts, with the Combined Authority able to set routes, fares, frequencies and customer service standards. Once the Proposed Franchising Scheme is in place all services will be required to operate under franchise contracts, be excepted from the scheme or have been granted a service permit.

11.8.4. As per section 3.10, the Consultation Response has demonstrated a range of comments in relation to the proposed Franchising scheme, cutting across the following themes 'applying franchising to the West Yorkshire geography', 'lotting strategy', 'services to be franchised', 'exempt services', 'decision date', 'entry into first contracts', 'mobilisation period' and 'consultation'.

11.8.5. With regards to the Proposed Franchising Scheme applying franchising to the West Yorkshire geography as a whole remains the right approach, fitting best with strategic objectives that recognise the importance of a sustainable transport offer across West Yorkshire. Furthermore, with regards to the Lotting Strategy, the Combined Authority is comfortable that the proposed split of the geographical area and the three round approach does not need to be updated at this time. It also does not propose to change the decision date, length of the mobilisation period or service exemptions, or the period within which the Combined Authority would consult on operation of the Scheme

11.8.6. However, as a result of the consultation, and in recognition of how the bus network has evolved since the Assessment was produced changes have been made to the Proposed Franchising Scheme in relation to:

Services to be franchised

11.8.7. The Combined Authority have reviewed the list of services for the proposed franchising scheme, and if a franchising scheme is made intend to revise that list to reflect changes to services that have taken place since the network that was used as the basis for the assessment. This means that the list of services in any final franchising scheme will reflect the principle of the services operated at the time of the scheme being made, subject to the exemptions outlined in the scheme – scholars' services, rail replacement and any local service specified in the scheme up to the point where the first service contract in which that service is specified (exempt services are discussed further in section 3.5).

11.8.8. In explaining the updates that have taken place to reflect changes to services since the network used for the assessment, the network has evolved significantly since the initial assessment period in 2021. Whilst many services remain the same, others have been amended to reflect the ever-changing nature of bus connectivity in West Yorkshire, during the post-pandemic period.

11.8.9. There are multiple reasons for the rapid change in the Bus Network since the Covid-19 pandemic. These include reduced patronage due to changing passenger behaviours such as hybrid working, changing high streets and increased internet shopping. In addition, there have also been changes as a result of investment into the bus network from local government and operators as the difficult operating environment has impacted the network.

11.8.10. This list, whilst partially comparable with the 2021 list, also differs in many ways. Since 2021 many 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.

11.8.11. However, it must be noted that any service that operates as of February 2024, taking account service changes made during that month, 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;

11.8.12. 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 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 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.

11.8.13. School services which have been named have been done so to allow those services to be run as services which can be accessed not only by pupils and staff of their respective educational establishments but also by other members of the general public. If parties wish to run such "open" school services outside the franchising scheme they would require a service permit to do so. Closed school services, which are solely for the use of persons associated with the school are exempted from the scheme as Scholars' Services and can be operated without involvement in the franchising process (both to schools listed in Annex B and other schools within, or providing for pupils of, West Yorkshire).

Section 22 permits

11.8.14. Services currently operated under a section 22 licence (a not-for-profit PSV permit) have been included in the franchised service list. However, the Combined Authority would not seek to franchise these services whilst operated under a Section 22 operational license and would only seek to do so were they to be instead ran as a for-profit bus service.

The date of entry into first contracts

11.8.15. The Combined Authority recognises that there were comments supportive of the date as it is proposed. Taking on the comments received about the importance of the date when services are due to commence, the legislation requires the scheme document to highlight the date of entry into contracts and the draft scheme also provides the date on which a Local Service may first be provided under a Local Service Contract. Contrary to the comment by Stagecoach, the intent is that the 28 June 2036 date is ahead of the mobilisation period, and so therefore the earliest date for commencement of services would actually be 1 April 2027 as set out above, nine months after 28 June 2026, if the minimum mobilisation period of nine months which is set out in the scheme is observed. This will be clarified in the final franchising scheme, which will include both the entry into contract and the commencement date.

11.8.16. This may also impact on the comments received with regard to aligning dates with school term dates and existing timetable changes. This feedback however is welcome, as it is recognised that changes made need to minimise the disruption to passengers. The Combined Authority will therefore look within its timelines to align the dates on which franchise services commence operation in West Yorkshire with relevant school terms – for example the date on which the first franchised services will begin operation will be updated to 28 March 2027, which would put it in line with the Easter term dates.

11.9. Concluding remarks - final recommendation on the Preferred Option

11.9.1. The Assessment’s 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’.

11.9.2. 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.

11.9.3. 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.

11.9.4. Both franchising and Enhanced Partnership ‘Plus’ are justifiable options in terms of delivering High Value for Money, and are affordable and deliverable.

11.9.5. 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.

11.9.6. 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.

11.9.7. 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.

11.9.8. 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.

11.9.9. 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.

11.9.10. 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 are sufficient to enable it to identify and mitigate the risks involved in implementing the Proposed Franchising Scheme or progressing with EP+.

11.9.11. 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.

11.9.12. 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.

11.9.13. 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.

11.9.14. Based on the content set out throughout, this 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.

11.9.15. Finally, the Combined Authority would like to thank all participants who took part in the consultation and whose views and experience expressed informed this Consultation Response and recommendation to the Mayor to proceed with the Proposed Franchising Scheme, in accordance with Section 123G of the Transport Act 2000.

12. Appendices

Please see separate appendices which contain:

- Appendix 1: consultation events write up
- Appendix 2: consultation questionnaire
- Appendix 3: DJS Research report
- Appendix 4: Statutory Stakeholder Responses
- Appendix 5: First West Yorkshire Technical Response
- Appendix 6: Equality Impact Assessment

Find out more

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