West Yorkshire Combined Authority

Tracy Brabin Mayor of West Yorkshire

Bus Reform Assessment

September 2023

Bus Reform Assessment Strategic Case

Final Strategic Case

September 2023

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Data Sources

This document will use the most up to date data sources that are available to the Combined Authority with further detail included in Appendix 1.2.

It should be noted that data and travel trends have been severely impacted by the covid-19 pandemic, affecting the way people travelled and the availability of data for collection.

The disruption to data collection, both nationally and locally, together with normal data lags, means that for some indicators the latest data available is pre-pandemic, with no directly comparable post-pandemic figures.

1. Executive Summary

1.1. Purpose- why is the Assessment being undertaken?

1.1.1. The Strategic Case looks to provide 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.

1.1.2. The reform options, Franchising and Enhanced Partnership Plus (EP+) are considered against the current governance mechanism, Enhanced Partnership (reference case).

1.1.3. The options and direction for bus reform has resulted from the National Bus Strategy (2021) which set out how to improve and grow the bus network across England. Within the strategy, Government set out a funding commitment and conditions, based on available governance mechanisms, required of LTAs to secure long term bus funding. This saw the requirement for LTAs to establish an enhanced partnership or franchising scheme, supported by a Bus Service Improvement Plan (BSIP), to receive funding from central Government.

1.1.4. At a local level, the policy context which shapes the bus reform options considers the West Yorkshire Transport Strategy 2040 (Local Transport Plan) and Bus Service Improvement Plan (BSIP), as well as the electoral pledge of the West Yorkshire Mayor, Tracy Brabin, to ‘bring buses back under public control, introduce simpler fares, contactless ticketing and greener buses’.

1.2 Customer and market context in West Yorkshire

1.2.1. The current bus system in West Yorkshire faces fundamental challenges which Section Four and Five explore in more detail. These can be split into challenges for the customer, affecting the day-to-day experience of using the bus, and operator/market challenges, affecting financial stability and running of bus services.

Customer overview

1.2.2. Bus is a key element of the region's transport offer and forms a vital part of the transport mix across West Yorkshire, particularly those citizens whom it is their only form of travel.

1.2.3. Across West Yorkshire, car is the dominant mode of travel, accounting for 62% of all journeys by West Yorkshire residents[1]. Bus accounts for the highest mode share on public transport, with just over 6% of all journeys, which is over three times that of rail.

1.2.4. However, bus patronage trends demonstrate a long-term decline falling from 169 million trips in 2009/10 to around 133 million in 2019/20, with journeys per person declining even faster than the national average. There was a dramatic decline in bus patronage to 50 million during 2020/21 due to the Covid-19 pandemic, which has since recovered to just over 92 million trips for 2021/22 (84% of pre-pandemic levels as of May 2023[2]).

1.2.5. There are significant commuting flows across West Yorkshire, with 90% of commuting trips contained within the region[3], whilst there are important links to the wider Yorkshire region including significant travel flows between Harrogate, Skipton and York.

[1] National Travel Survey 2017-19
[2] West Yorkshire Combined Authority Research & Intelligence Team "West Yorkshire Economic & Transport Insights Report", June 2023, PowerPoint Presentation (westyorks-ca.gov.uk)
[3] West Yorkshire Combined Authority "West Yorkshire:State of the Region Report", 2021, Microsoft Word - SotR Draft Full Report FINAL 251021 (westyorks-ca.gov.uk)

1.2.6. Across West Yorkshire the biggest customer markets are adult tickets and under 19[4]. Post-pandemic the composition of the West Yorkshire bus market has altered, with concessionary travel and adult travel still significantly lower than pre-pandemic.

West Yorkshire operator/market overview

1.2.7. There are 26 operators across West Yorkshire dominated by three major commercial operators (Arriva, First and Transdev).

1.2.8. Prior to the pandemic, 85% of operated bus mileage was operated on a commercial basis, with the remaining 15% being operated under contract to the Combined Authority (tendered services), with a net cost of £17.1 million (2018/19).

1.2.9. The tendered services budget is spent on uncommercial but socially necessary services to ensure community connectivity, as well as to enhance the network with additional early morning, evening and weekend services on routes which otherwise operate on a commercial basis.

1.2.10. There has been increasing pressure on the tendered services budget since the pandemic due to the slow recovery of bus patronage, with operators also relying on Bus Recovery Grant (BRG) to continue to run services, seeing an increase in public sector support for services peaking at £25.4million in 2020/21 before levelling off to £21.4million in 2021/22. This has resulted in commercial cuts and the Combined Authority having to tender more services in order to support the network.

1.2.11. Government investment, announced in May 2023, will continue to support network recovery through some form of support for fares, services and infrastructure across LTAs and bus operators. At time of writing, allocations and impact are unknown, giving not set assurances in regard to maintaining the current network and therefore not removing further pressure on service cuts by operators.

[4] West Yorkshire Combined Authority Research & Intelligence Team "West Yorkshire Economic & Transport Insights Report", June 2023, PowerPoint Presentation (westyorks-ca.gov.uk)

1.2.12. Falling patronage and financial pressures has been accompanied by a slow decline in mileage across West Yorkshire since 2011, falling from 1.1 million miles in 2011 to 850,000 miles 2023.

1.2.13. In addition to the pressure of falling patronage, the current high level of inflation and cost of living is impacting operators and operator behaviour, with bus services costing more to operate. A number of small and medium operators have collapsed under the financial pressures of the industry and the Combined Authority has struggled in some instances to re-tender these services. This may be accompanied by a fall in customers seeking to undertake leisure journeys by bus, further reducing fare revenue.

1.2.14. There are also driver shortages caused through wider labour market issues which have led to high number of staff leaving the bus industry, putting further pressure on operators to maintain the bus network.

Covid-19 pandemic

1.2.15. The Covid-19 pandemic had a significant impact on bus patronage through the various lockdowns and restrictions that were imposed. In May 2023 patronage stood at 84%[5] of pre-pandemic patronage.

1.2.16. Post pandemic there remains some uncertainty around the extent to which patronage changes we have seen since the start of the pandemic will be permanent. However, within West Yorkshire, early indications suggest the demand for public transport, particularly for commuting, could continue to be lower due to hybrid working patterns with more than half of hybrid workers, equivalent to around 1 in 6 of all workers, report commuting between 20-60% of their working week (equivalent to 1 and 3 days a week for a full-time worker)[6].

[5] West Yorkshire Combined Authority Research & Intelligence Team "West Yorkshire Economic & Transport Insights Report", June 2023, PowerPoint Presentation (westyorks-ca.gov.uk)
[6] West Yorkshire Combined Authority Research & Intelligence Team "COVID-19 Transport Recovery Survey Wave 8", November 2022, COVID-19 Transport Survey Wave 1 (westyorks-ca.gov.uk)

1.3. Challenges for bus in West Yorkshire

1.3.1. The drivers for change are outlined in this strategic case by framing them around the five delivery areas identified within the West Yorkshire BSIP as key to achieving the Combined Authority's ambitious vision for better buses. These are:

- **Network:** A radically enhanced, fully inclusive and more cohesive bus and public transport network – which takes people where they need to go, when they need to go, and caters for the complexity of modern travel patterns.
- **Fares and ticketing:** Clear and simple fares– to make paying for bus travel more affordable, easier, convenient and flexible.
- **Customer service and support:** Improved, more inclusive customer service and support – so all passengers have the right tools to travel with confidence and help they need if their journey does not go to plan.
- **Bus Priority**: Priority for buses on our road – so journeys by bus are quicker, with less time spent stuck in traffic, and are a viable alternative to the private car.
- **Green and better vehicles:** More green and better vehicles – to improve the onboard experience and make bus the sustainable choice for travel in West Yorkshire.

Network

1.3.2. The current bus network is broken down into three tiers through our BSIP Network Vision with routes and frequencies largely commercially set, with the Combined Authority contracting tendered services to 'plug the gap', extend operation of commercial route or operate non-commercial routes.

1.3.3. The current network serves key radial corridors well, whilst less profitable connecting routes are not priorities for operators.

1.3.4. The current network is under financial strain, with reliance of operators on covid recovery grants due to decreased patronage post pandemic and increasing cost of running services.

1.3.5. There are several challenges for the customer with the current network including:

- **Customer network requirements:** the network does not serve customer needs and has lengthy journeys, infrequent services and inconvenient routes.
- **Customer network access:** access to the bus network is unequal across West Yorkshire, especially for core services.
- **Addressing customer needs**: the network needs to better serve and connect areas of high deprivation.

1.3.6. There are challenges to the bus market associated with the network including:

- **Financial sustainability:** the network is not financially sustainability and there is a reliance on public funding to even just maintain it. Following a commercial review, in September 2022, 11% of the bus network, 62 routes, were deemed not financially viable.
- **Risk to services:** the impact of a lack of long-term financial stability comes with the threat of declining services and bus mileage with operators regularly reviewing the existing network with bus network mileage declining 23% over the past 12 years.

Fares and ticketing

1.3.7. There is a complex fares and ticketing offer with a wide variety of ticket options available across multiple operators and retail channels. The cost of bus travel rose by 87.13% over the past 10 years to mid-2022[7], with motoring only rising 37.15% in the same time frame. The rising cost of bus travel may therefore may have become a barrier to bus use for some, with our Annual Public Perceptions of Transport Survey indicating that pre-pandemic, one in six respondents cited cost as the reason they do not use buses more often[8].

[7] RAC Foundation "Transport Cost Index", 2023, Cost of motoring against costs of public transport (racfoundation.org)
[8] AECOM "West Yorkshire Residents Perception of Transport Survey", April 2019, Neil Rogers Report Customer Perceptions of Transport Survey 2019-03-15 (westyorks-ca.gov.uk)

1.3.8. However, positively, the introduction of the 'Mayor's Fares' in September 2022 as part of the Combined Authority's BSIP programme which capped the cost of single journey and multi-operator day tickets, may have made journeys more affordable. This is reflected in national data showing a decline in change of cost of bus and coach fares to 56.8% in early 2023 (compared to 86.13% in mid-2022)[9].

1.3.9. There are several challenges for the customer with the current system including:

- **Affordability and increasing fares:** customer engagement indicates that the cost of bus travel is one of the key reasons not to travel by bus and remains important to travelling customers, this is against the backdrop of increasing fares which has risen quicker than the costs of car ownership and complex ticketing arrangements.
- **Customer satisfaction:** dissatisfaction with value for money of public transport is regularly flagged as a key issue for customers.
- **Cost of living crisis** – there are early indications that the cost of living crisis may alter travelling behaviour with fewer leisure travellers.

1.3.10. There are several challenges for the bus operator market across fares and ticketing including:

- **Decreasing fare revenue:** associated with falling patronage and slow recovery from the Covid-19 pandemic.
- **Commercially set fares**: fares are driven by external factors and need to ensure profitability is maintained.

Customer service and information

1.3.11. The current customer service offer is fragmented across a variety of organisations and channels, with a variety of operator websites and apps with differing information, journey planners and purchase channels. In addition, customer facing staff do not receive consistent customer service training.

[9] RAC Foundation "Transport Cost Index", 2023, Cost of motoring against costs of public transport (racfoundation.org)

1.3.12. There are several challenges for the customer across customer service and support including:

- **Customer satisfaction**: levels have varied over recent years, but collectively show a significant proportion of customers are less than satisfied with local buses across a range of different service areas[10].
- **Accessibility**: Our organisation looks to be a leader in EDI, improving the customer experience for bus users by addressing issues that impact people with protected characteristics and making the bus system safe and inclusive for all.
- **Safety and inclusivity**: it is important that our buses are safe, and that customer service provides a consistent experience across West Yorkshire.

Bus priority

1.3.13. Bus priority lacks consistency across the network, with a lack of consistent highway policy resulting in differing measures across bus priority, parking and enforcement. The lack of coordination of bus priority is one of the reasons behind poor punctuality and reliability, impacting customer satisfaction of journey times.

1.3.14. There are several challenges for the customer across bus priority:

- **Punctuality and reliability:** a reliable and punctual bus service is key to delivering a good bus service to customers across the region. Punctuality and reliability has continually underperformed against targets and impacts customer satisfaction with the bus service.
- **Congestion:** related to punctuality and reliability, congestion and satisfaction of congestion, affects customer perceptions of travel and impacts the length of bus journey if no bus priority measures are in place.

1.3.15. There is a key challenge for the bus market across bus priority:

- **Bus priority policy and design:** the variability in the standard and design of bus priority measures and enforcement leads to variability of

[10] West Yorkshire Annual Yorkshire Residents Perception of Transport Survey 2022-23

the bus offer and ability for operators to deliver commitments on journey times.

Green and better vehicles

1.3.16. As of March 2023, 2% of vehicles operating in West Yorkshire are zero emission, with 4% of buses being hybrid. This will increase in 2024 due to the investment through the Zero Emission regional Area (ZEBRA) scheme.

1.3.17. There are several challenges facing the customer in green and better vehicles:

- **Zero emission buses and modal shift:** bus has an important role to play in encouraging modal shift away from the private car, falling patronage suggests the bus currently isn't a viable alternative to the private car.
- **Consistent customer standard**: customers should expect a consistent customer offer from onboard facilities, and this currently differs greatly across the network.
- **Integration:** buses need to be part of a wider integrated network allowing for easy interchange between buses and between modes to ensure more sustainable journeys are viable.

1.3.18. There are several challenges facing the bus market in green and better vehicles:

- **Zero emission fleet:** A green, zero emission bus system is a core element of the Combined Authority's vision for buses with all buses needing to offer a safe, clean and accessible experience for customers, but our targets are at risk of not being met.
- **Investment opportunities and operator market:** Funding for green and better vehicles is largely supported by funding bids from the Combined Authority and delivery in partnership and wider market challenges are risking operator investment.

Neighbouring strategies

1.3.19. West Yorkshire borders five other local transport authorities: North Yorkshire, Derbyshire, Greater Manchester, South Yorkshire, and

Lancashire. There are various cross-boundary flows that are important to maintain for means of customers commuting and accessing leisure facilities.

1.3.20. Whilst the governance mechanism in place, or being developed, varies between enhanced partnership and franchising, there is commonality across key themes of neighbouring authority policy priorities on economic growth, environmental sustainability and improving quality of life, which align to the Combined Authority's LTP objectives.

1.4. What needs to be achieved for bus in West Yorkshire?

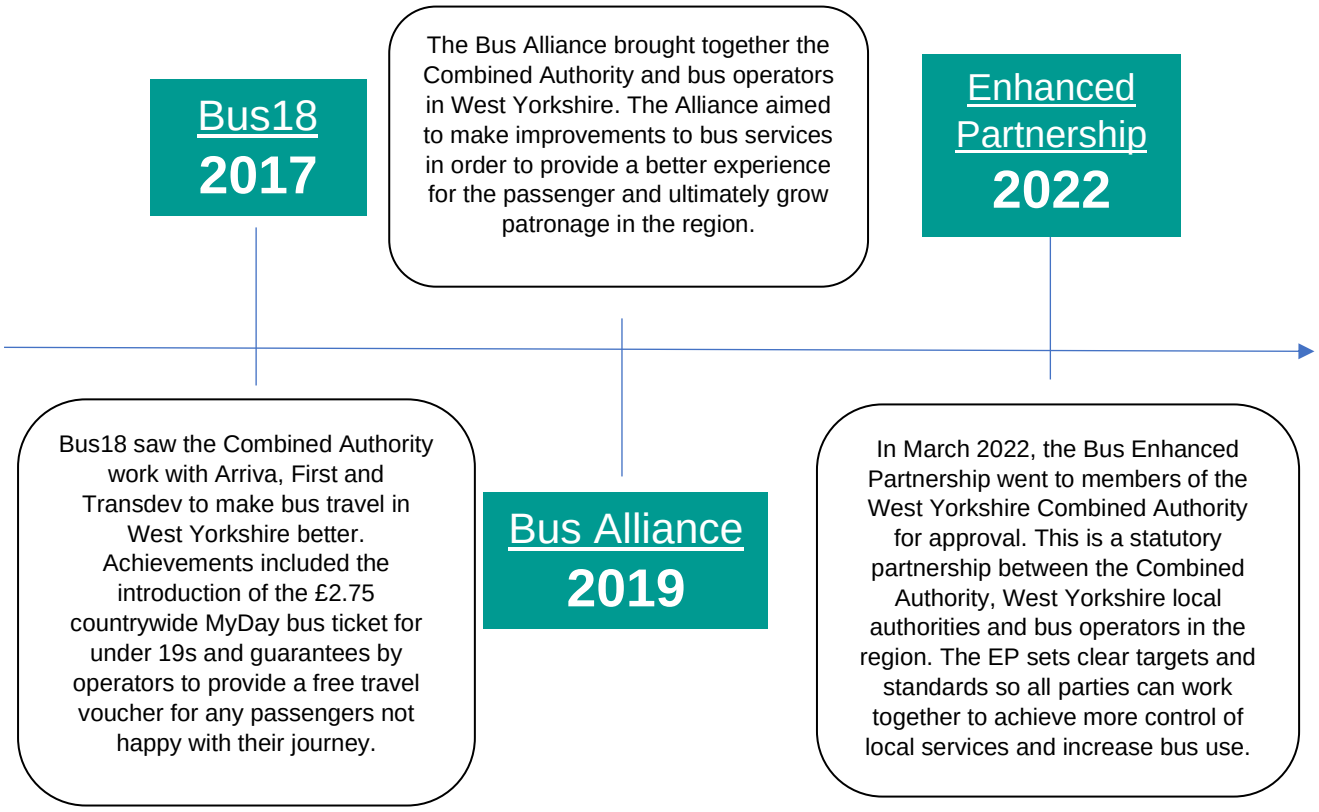
Reference case – Enhanced Partnership

1.4.1. There is a long history of the Combined Authority working in partnership with local bus operators with joint aims to improve the customer experience for bus users in West Yorkshire.

1.4.2. The Combined Authority has historically worked in partnership with West Yorkshire bus operators through Bus18 and then the West Yorkshire Bus Alliance, which saw the establishment of a Voluntary Partnership Agreement (VPA) in 2019. The VPA was replaced by entering into an Enhanced Partnership with operators in April 2022.

1.4.3. During the pandemic the National Bus Strategy was published, placing obligations on LTAs for the continuation of funding. In order to guarantee future funding for bus the Combined Authority was required to enter into a statutory enhanced partnership (EP) or franchising by 1 April 2022. In response to the strategy, the Combined Authority made an EP following consultation with bus operators and others.

Figure 1: Partnership working in West Yorkshire



1.4.4 Through working in partnership there have been several achievements, however the Bus Alliance Peer Review (2021) identified several areas for improvements. Despite making an Enhanced Partnership, the ability to impact customer journeys has continued to be limited and constrained through challenges in the wider bus market with the strengths and weaknesses of the current EP summarised below.

Table 1: successes and weaknesses of the Enhanced Partnership

Successes of the Enhanced Partnership	Weaknesses of the Enhanced Partnership
All Bus Alliance stakeholders are bought into the EP and have signed up to delivering commitments	Mechanisms within EP legislation have not yet fully been tested by Government or the partnership. This may lead to unforeseen legal risks, obstacles to delivery and/or the benefits of its provisions not being maximised
Strong stakeholder relationships have enabled commitments to be delivered to short Government timescales	Bus operators are reluctant to commit to delivering specific interventions within EP Schemes without supporting public sector funding

Passengers are already seeing benefits from interventions delivered through the EP such as Mayor's Fares	Some EP commitments are reliant on Government funding to deliver. Delays in receiving the funding have led to delays in delivery compared to what was initially set out in the EP Plan. Funding also had to be initially sought from elsewhere to plug the gap until it was received.
	The pace of expected delivery of BSIP schemes tied to the EP has led to mostly basic commitments being contractualised so far. This is due to EP interventions requiring specificity and certainty which stakeholders were not able to commit to initially when the BSIP EP Scheme was created
	Timescales to create EP schemes are lengthy which delay the contractualisation of commitments and realisation of benefits for stakeholders
	The West Yorkshire EP has so far focused on local authority commitments/delivery and not yet undertaken formal negotiations with bus operators to explore the extent to which they can reinvest any benefits within their fleet / service provision

Objectives

1.4.5 Objectives are required to understand the potential impact of market reform for bus. The objectives within this section use DfT's Franchising Guidance as a basis and build on the Combined Authority's policies and strategies including the Bus Service Improvement Plan, Transport Strategy 2040 and wider transport and strategic policies.

1.4.6 The objectives for this Assessment have taken into account the guidance and the ambition of bus specific, transport and wider policy. The objectives also take into account the challenges discussed throughout this strategic case. This resulted in the approach below, focusing on what a successful governance model would look to achieve:

- **The whole journey** – objectives that demonstrate the contribution that bus makes towards the Combined Authority's Transport Strategy 2040 and wider organisational policy structured around economy, environment and people and place issues in the region.

- **Improved experience for customers** – objectives drawn from the Bus Service Improvement Plan delivery areas which would address customer challenges with the current bus system.
- **A value for Money and Affordable option** – assessed through the economic, financial, commercial and management cases and ensuring that a governance model that presents Value for Money for public spending and an affordable option for the Combined Authority.

Table 2: Bus reform objectives

Overarching Objective	Sub-Objectives	Measures
The whole journey, enhancing the contribution of the bus system towards the Combined Authority's Transport Strategy 2040 and wider policies.	**Economy:** supporting an integrated transport system which provides reliable and improved connectivity to the places where customers need to travel to for work, education, leisure and access to services.	Improved public transport access to: • Housing • Employment • Education/training • Healthcare • Leisure and shopping Within first three years of implementation.
	Environment: establishing a transport network that helps to reduce the overall impact of transport on carbon emissions and air quality, and increases our resilience against climate change, including via zero-emission buses.	Increased bus mode share in the period up to 2040. Decreased car mode share in the period up to 2040. Decrease transport carbon emissions in line with the Carbon Emission Reduction Pathways to realise net zero by 2038.
	People and place: enabling a transport system that increases access in a safe, inclusive way that encourages use of bus as part of a multi-modal network.	Increased accessibility of facilities within first three years of implementation. Improved affordability of bus fares within first three years of implementation. Improved access to culture and green spaces within first three years of implementation.
Improved travel experience for bus customers, maximising deliverability of the Combined Authority's Bus Service Improvement Plan by 2030.	**Network**: taking people where they need to go, when they need to go, and catering for the complexity of modern travel patterns.	Improvement in core network coverage in the first three years of implementation. Improvement in service frequency in the first three years of implementation. Improvement in network integration (between and within modes) in the first three years of implementation.
	Fares and ticketing: making paying for bus travel	Increased satisfaction with value for money within first year of implementation.

	more affordable, easier, convenient and flexible	Improved simplicity in fare structure within first year of implementation (number of different fares available). Improved access to contactless and integrated ticketing within first year of implementation.
	Customer service and information: providing passengers with the right tools to travel with confidence and help should their journey not go to plan	Improved satisfaction with passenger facilities within first three years of implementation. Increase in real time provision within first three years of implementation. Improved customer satisfaction with personal safety within first three years of implementation. Improved satisfaction with information provision within first three years of implementation.
	Bus priority: journeying by bus is quicker, and a viable alternative to the private car.	Improved service reliability within first three years of implementation. Improved service punctuality within first three years of implementation. Decreased journey time within first three years of implementation.
	Green and better vehicles: improving the onboard experience and making bus a sustainable choice for travel in West Yorkshire.	Increase in number of zero emission buses working towards a zero-emission fleet by 2036.
All these policy-led objectives will need to be balanced against the need for the bus system to be affordable, deliverable, and to offer good value for money – these aspects will be tested through the economic, financial, commercial and management cases*.		

*see 10.5 for further detail

1.5. What are the options for reform?

1.5.1 This strategic case explores two bus reform options – an Enhanced Partnership Plus (EP+) and a Proposed Franchising Scheme – and analyses them against the challenges and BSIP delivery areas, as outlined elsewhere in this document. These reform options are considered against the strategic objectives set out above, which the current Enhanced Partnership is deemed as unable to achieve in full. Both options are

proposed as being implemented West Yorkshire wide and would impact all bus services operating within the region.

1.5.2 As noted above, the National Bus Strategy required LTAs to enter either into an EP or franchising scheme in order to access CBSSG and other Government funding streams. This ultimately shortlisted these two options as the viable means of bus reform.

Enhanced Partnership Plus (EP+)

1.5.3 The EP+ within the Assessment uses the same governance mechanism as currently implemented (Enhanced Partnership) but aims to push this further, subject to operator agreement and, in some cases, subject to additional funding. The EP+ in the assessment has been informed by proposals from existing West Yorkshire bus operators. This includes adding the following interventions to the Enhanced Partnership Plan:

- Qualifying Agreements and route requirements on key corridors to rationalise bus routes, spreading resource across the bus network, and support EP+ schemes.
- Exercising Traffic Commissioner bus registration powers.
- Continued use of zero emission funding to incentivise fleet investment and influencing deployment of zero emission vehicles.

1.5.4 Using EP+ as a governance mechanism could have the following impacts across the BSIP delivery areas, subject to operator agreement on interventions:

- **Network:** route rationalisation and fleet redeployment through Qualifying Agreements, greater accountability for the Combined Authority through bus registration powers.
- **Fares and ticketing**: further capping schemes allowing for further simplification of multi-operator ticketing.
- **Customer service and information:** joint operator communications and marketing, including a unifying brand. Working with operators to establish a consistent information offer.
- **Bus priority**: Aligning bus priority with EP+ schemes and Qualifying Agreements to reduce issues with reliability and punctuality.

- **Green and Better Vehicles:** specification of buses through allocated funding, partnership led gradual transition to zero emission fleet, specification of zero emission corridors through EP schemes.

The Proposed Franchising Scheme

1.5.5 For the purposes of the Assessment, the Proposed Franchising Scheme will be modelled on a gross cost basis with gradual fleet transfer. A table summarising the key elements of the Proposed Franchising Scheme for the Assessment is below.

Table 3: Franchising variables

Franchising variation	The Proposed Franchising Scheme
Scheme area	West Yorkshire wide, recognising the different needs of bus services in each District area
Services contracted	All services, with permitting for cross-boundary services that cannot be franchised.
Revenue risk on contracts	Full fare box control and revenue risk on all contracts – 'gross cost' approach.
Assets ownership	Staged investment in full asset ownership – bus depots and a 100% zero-emission bus fleet*.
Procurement round	Staged transition with anchor lots in each District area**.
Contracting bundling size	Mixed sized contract bundles to facilitate competition and participation of smaller-to-medium sized operators. Social value to be considered as part of the contracting strategy.

*Depot and Fleet strategies consider staging and transition in more detail.
**Lotting Strategy considers this in detail.

1.5.6 Using franchising as a governance mechanism could have the following impacts across the BSIP delivery areas:

- **Network**: ability to set routes and frequencies and enforceable performance regime for franchise contracts.
- **Fares and ticketing**: ability to set fares and simplify customer offer through single retail channel.
- **Customer service and information:** ability for single brand with single app and point of customer contact.

- **Bus priority:** better alignment with planned bus priority through network powers.
- **Greener and better vehicles:** ability to set standards and specifications, Combined Authority led transition to zero emission fleet.

1.6. Strategic Case – Conclusion

1.6.1. The exploration of the options for reform demonstrate that both could deliver over and above that of the reference case and would improve the bus system across West Yorkshire, better delivering against the policies and strategies of the Combined Authority.

1.6.2. The governance mechanisms would have most impact on objectives that influence the network, fares and ticketing and customer service. This is due to the available levers under each of these mechanisms that would have greatest impact across these areas.

1.6.3. Whilst there are clear benefits of working in partnership with operators through the EP+, interventions would depend on the agreement of operators.

1.6.4. The Proposed Franchising Scheme therefore demonstrates the greatest strategic benefits across the bus reform objectives related to network, fares and ticketing, and customer service and information. This brings greater opportunity to achieve the Combined Authority's wider objectives and ambitions for West Yorkshire, compared to the reference case Enhanced partnership and Enhanced Partnership Plus.

2. Introduction

2.1. Introduction

2.1.1. This document sets out the Strategic Case for bus reform in West Yorkshire. The format of this document is as follows:

Section 1: Executive summary

Section 2: Introduction - introduction and background including purpose of document and franchising guidance background.

Section 3: Policy context – policy context for bus reform covering national, sub-national and local policies relating to bus and the wider transport and organisational context.

Section 4: West Yorkshire in numbers – an overview of the West Yorkshire region outlining key demographic and economic context.

Section 5: Buses in West Yorkshire – an overview of the current structure and performance within the region, outlining key challenges.

Section 6: Strategic context (drivers for investment) – an outline of the need for bus and relationship with contextual drivers for reform.

Section 7: Enhanced Partnership – an overview of the current market structure and the strengths and weaknesses of this.

Section 8: Objectives – discussion of the objectives set in this assessment to ensure the bus offer is improved across West Yorkshire.

Section 9: Options for reform – setting out options used in this assessment and how they would impact on the bus offer through comparison with objectives.

Section 10: Assessment of objectives against options and policy.

Section 11: Conclusion

2.2. Purpose

2.2.1. The purpose of this Strategic Case is to explain why bus reform within West Yorkshire is necessary and to consider a case for change. Bus reform options are assessed against wider policy objectives of the Combined Authority and those of neighbouring authorities, and national level initiatives.

2.2.2. The Strategic Case assesses bus reform options to understand how they will support realisation of the ambitions set out in the West Yorkshire Transport Strategy 2040, supported by the vision of bus as set out in West Yorkshire Combined Authority's (the Combined Authority's) Bus Service Improvement Plan (BSIP).

2.3. Franchising guidance

2.3.1. The Department for Transport (DfT) published The Bus Services Act 2017 Franchising Scheme Guidance[11] ("Franchising Scheme Guidance") which Local Transport Authorities (LTAs) should consider when preparing a Bus Reform Assessment. The guidance outlines the legal process that an authority is required to follow before they can introduce franchising in an area.

2.3.2. The Transport Act 2000 set out the process required of LTAs to introduce franchising in an area which is based on the five key stages of:

- Preparation of an assessment of the Proposed Franchising Scheme
- Consultation and engagement
- Responding to the consultation (and publishing the scheme)
- Transition
- Implementation

2.3.3. This strategic case forms part of the first key stage of preparing an assessment of the Proposed Franchising Scheme ("The Assessment").

2.3.4. The Franchising Scheme Guidance requires the Strategic case to consider whether, and the extent, the option will contribute to the implementation of Local Transport Plan (LTP) policies and wider policies affecting bus services. This will include our West Yorkshire Vision, Bus Service Improvement Plan, Connectivity Infrastructure Plan and Climate and Environment Plan which have all been published seen the 2017 guidance. In addition, the guidance requires an assessment of whether proposed reform options contribute to the implementation of neighbouring authorities local transport policies.

[11] The Bus Services Act 2017 franchising scheme guidance (publishing.service.gov.uk)

3. Policy Context

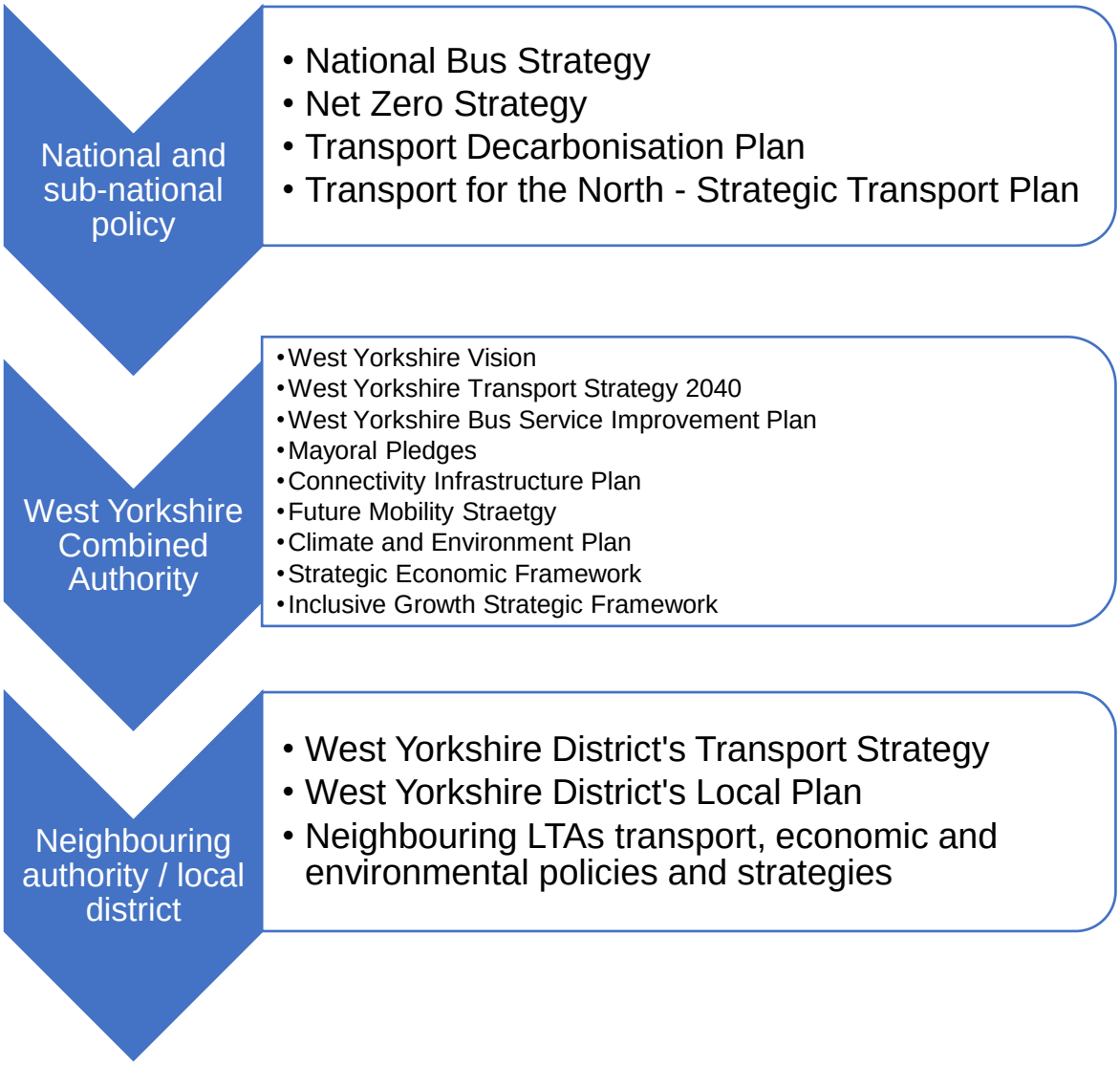
3.1. Introduction

3.1.1. This section sets out the overarching vision for West Yorkshire Combined Authority before discussing underlying policies at a national, sub-national and local level and their relationship to the strategic case.

3.2. Policy Context

3.2.1. There are several policies and strategies across the national, sub-national and local levels which inform the strategic case and demonstrated through Figure 2.

Figure 2: Policy Strategies Impacting Bus Reform



3.3. West Yorkshire Combined Authority's Vision

3.3.1. The West Yorkshire Combined Authority brings together the local authorities of Bradford, Calderdale, Kirklees, Leeds and Wakefield with the Local Enterprise Partnership (LEP). Working in partnership, we develop and deliver policies, programmes and services which directly benefit the people of West Yorkshire.

3.3.2. The Combined Authority's vision is set out in the West Yorkshire 2040 Vision and Missions (2023) which sets out our vision for A brighter West Yorkshire - a place that works for all. An engine room of ideas and creativity, where anyone can make a home.

3.3.3. To achieve this vision, we need to focus on the missions of:

- **Mission One**: A prosperous West Yorkshire – an inclusive economy with well paid jobs
- **Mission Two**: A happy West Yorkshire – great places and healthy communities
- **Mission Three**: A well-connected West Yorkshire - a strong transport system
- **Mission Four**: A sustainable West Yorkshire – making lives greener
- **Mission Five**: A safe West Yorkshire – a region where everyone can flourish.

3.3.4. This vision sits at the top of the policy hierarchy, influencing all strategies and policies across the Combined Authority, whilst being informed by those at a National and District level.

3.3.5. The mission to drive towards a prosperous West Yorkshire and a well-connected West Yorkshire and initiatives which drive sustainability and safety are the most important for the purposes of this assessment.

3.3.6. The Combined Authority has a strategic vision, as set out across the West Yorkshire Vision and Missions, which encompasses our policies and strategies across transport, the economy, housing, innovation and digital.

3.3.7. Our West Yorkshire Transport Strategy 2040 underpins our vision for Transport across West Yorkshire, and for bus, builds on the Bus Strategy 2017 which has been updated by our Bus Service Improvement Plan (2021).

3.4. National and Sub-National Policy

National Bus Strategy (2021)

3.4.1. Published in March 2021, Bus Back Better aims to improve and grow the bus network across England. It sets out future funding commitments and details the conditions needed to secure long term bus funding. It acknowledges the role that buses play in wider government priorities notably:

- Enabling access to work and improving employment outcomes.
- Driving productivity gains and reducing congestion.
- Levelling up through provision of services to the less advantaged.
- Connecting communities and preventing isolation.

3.4.2. Within the strategy, bus is seen as an opportunity to reduce car usage through the provision of an attractive service, whilst also a way to help achieve Net Zero ambitions. Improving modal share of bus also has the potential to reduce congestion and improve air quality for local communities.

3.4.3. The Strategy acknowledges the failures of the deregulated bus market which does not always deliver for passengers, evidenced in the long-term decline in bus patronage at a National Level.

3.4.4. The Strategy also required Local Transport Authorities to establish an Enhanced Partnership or Franchising scheme to receive funding from central Government. More details on West Yorkshire Combined Authority's approach to this can be found in Section 6.

3.4.5. The requirement to produce a Bus Service Improvement Plan is covered under local policy below.

Levelling Up agenda

3.4.6. In February 2022, the Government published a Levelling-Up policy paper that includes details of a new devolution framework, the establishment of a new independent data body and a new Levelling Up Advisory Council.

3.4.7. The Government recognises that currently opportunity is not equally spread across the country, with geographical inequality being an enduring feature of the UK. As such, it has committed to levelling up regions across the UK to rebalance the economy and ensure that opportunities are available for everyone.

3.4.8. The Government has already made progress towards spreading opportunity around the country since 2019, alongside mitigating the worst effect of the pandemic, with transport-related initiatives including:

- Five-year consolidated transport settlements amounting to £5.7bn in eight city regions outside London.
- £5bn of funding for buses and active travel over the current term of Parliament.
- £96bn for the Integrated Rail Plan delivering faster, more frequent and more reliable journeys across the North of England and the Midlands.

3.4.9. The white paper was used to set 12 targets, or “missions” linked to policy objectives. The targets all have a 2030 end date and set the medium-term ambition of the government. The 12 missions are under four objectives that are outlined below:

- Boost productivity, pay, jobs and living standards by growing the private sector, especially in those places where they are lagging.
- Spread opportunities and improve public services, especially in those places where they are weakest.
- Restore a sense of community, local pride and belonging, especially in those places where they have been lost.
- Empower local leaders and commun9ities, especially in those places lacking local agency.

3.4.10. The programme will include support for local economic growth, regeneration of town centres and high streets, improvements to local transport, investment in local culture and will support young people into employment.

3.4.11. The Government will introduce legislation to put into statute some aspects of the levelling up agenda. The paper gives limited information on what this will include but is likely to involve legislation to expand and deepen devolution in England and a statutory obligation "to report annually on progress towards meeting the Levelling Up missions".

3.4.12. The investment in bus is key to this strategic case, recognising that funding to support local bus services is key to achieving levelling up.

Net Zero Strategy

3.4.13. The Government's Net Zero Strategy 'Build Back Greener' was launched in October 2021. The strategy sets out the long-term plan to deliver the commitment of the UK becoming net zero by 2050. The key principles within the strategy are:

- Working with consumers.
- Making the biggest polluters pay.
- Protecting the most vulnerable.
- Working with businesses in technological developments.

3.4.14. The strategy contains policies and proposals to ensure that the UK keeps on track for carbon budgets, Nationally Determined Contribution and the vision for a decarbonised economy by 2050.

3.4.15. The Net Zero Strategy at a national level demonstrates the need to strive towards a net zero transport system which bus is key to achieving both through modal shift and in operating a zero-emission fleet.

Transport Decarbonisation Plan

3.4.16. The Government's commitments to decarbonising the transport system are set out in the Transport Decarbonisation Plan. The plan recognises that transport is one of the largest sources of air pollution in the UK, which is consistent with the picture in West Yorkshire.

3.4.17. Bus plays an important role in the decarbonisation of transport both in terms of encouraging modal shift away from more polluting forms of transport, providing a multi-modal, integrated network for citizens to travel on and operating a zero-emission fleet.

Transport for the North - Strategic Transport Plan

3.4.18. The Strategic Transport Plan (STP) outlines how strategic investment in transport has the ability to support inclusive and sustainable economic growth.

3.4.19. The objectives of the Strategic Transport Plan are:

- Transforming economic performance.
- Increasing efficiency, reliability, integration, and resilience in the transport system.
- Improving inclusivity, health, and access to opportunities for all.
- Promoting and enhancing the built, historic, and natural environment.

3.4.20. There are opportunities for bus within the plan that centre on an improved customer experience through enhancing ticketing technology and journey planning tools.

Transport for the North's Decarbonisation Strategy

3.4.21. TfN set out four scenarios in their Decarbonisation Strategy, in which their decarbonisation trajectory of near zero by 2045 is met in different ways, and to different degrees. All but the worst-case scenario (which would see the UK governments 2050 net zero target missed) require significant increases to the modal share of public transport alongside the introduction of zero carbon technology.

3.5. West Yorkshire Combined Authority Policy

The West Yorkshire Transport Strategy 2040

3.5.1. The West Yorkshire Transport Strategy 2040 is the current Local Transport Plan (LTP) and sets out the future vision for transport across the region. It includes ambitious modal shift targets to increase bus patronage by 25%, active travel trips by 300% and rail trips by 75% from their 2016 levels by

2027. This demonstrates our wider ambition to support public transport and promote modal shift.

3.5.2. The Strategy's vision is to: *enhance business success and people's lives by providing modern, world-class, well-connected transport that makes travel around West Yorkshire easy and reliable.*

3.5.3. In order to deliver this vision for transport, the strategy has three objectives of:

- Economy: Create a more reliable, less congested, better connected transport network.
- Environment: Have a positive impact on our built and natural environment.
- People and place: Put people first and create a strong sense of place.

3.5.4. Within this strategy there are targets on bus to increase the number of trips by 25% by 2027 and is supported by the West Yorkshire Bus Strategy 2017, a supporting daughter document. This West Yorkshire Bus Strategy 2017 has now been superseded by the West Yorkshire Bus Service Improvement Plan (BSIP) with the consistent themes of economy, environment and people and place running throughout.

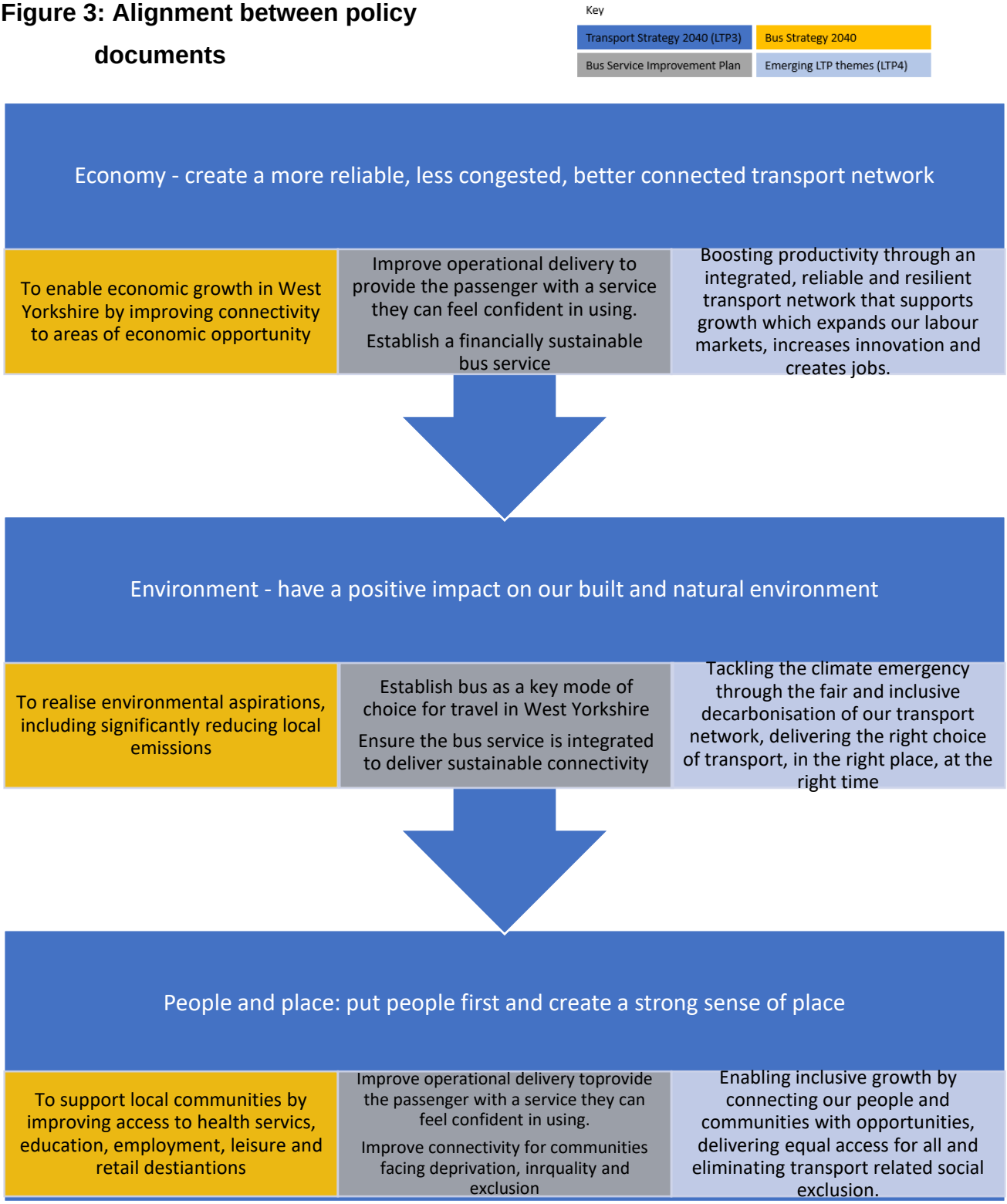
3.5.5. A new LTP is currently in development with the following objectives currently being used to formulate the policy and place framework:

- Tackling the climate emergency through the fair and inclusive decarbonisation of our transport network, delivering the right choice of transport, in the right place, at the right time.
- Boosting productivity through an integrated, reliable and resilient transport network that supports growth which expands our labour markets, increases innovation and creates jobs.
- Enabling inclusive growth by connecting our people and communities with opportunities, delivering equal access for all and eliminating transport related social exclusion.

3.5.6. Bus reform is a key modal theme within the emerging LTP linked to achieving our ambitions for transport and related Mayoral pledges.

3.5.7. To ensure this assessment is consistent with our emerging LTP, due for consultation early 2024, an alignment between policy themes across the current LTP, Bus Strategy 2017, BSIP and emerging LTP has been undertaken and can be seen in Figure 3 below.

Figure 3: Alignment between policy documents



Bus Service Improvement Plan

3.5.8. As set out above, the National Bus Strategy set out the requirements for Local Transport Authorities to set out their intent to establish an Enhanced Partnership or Franchising Scheme to continue to receive funding for bus. Part of this requirement included setting a local vision for bus through a Bus Service Improvement Plan.

3.5.9. The Combined Authority's Bus Service Improvement Plan (BSIP) builds on the ambitions set out in the West Yorkshire Transport Strategy (2040), the West Yorkshire Bus Strategy (2017) and the West Yorkshire Connectivity Infrastructure Plan (2021) which put connectivity and sustainable travel at heart of a thriving and inclusive regional economy where everyone can build great businesses, careers, and lives.

3.5.10. The Bus Service Improvement Plan is centred on the following strategic priorities :

- **A safe and inclusive bus system** – a bus service that is fully accessible which is designed with passengers in mind. This includes new services, extended operating hours and making the bus more flexible, easier to understand, and use.
- **Better connected communities** – a bus service which connects communities across the region – particularly areas of high deprivation and rural areas – ensuring access to employment, education and leisure opportunities.
- **Decarbonisation and integrated, sustainable travel** – supporting the Combined Authority's net zero carbon economy by 2038 through enabling modal shift and embedding a zero-carbon transport network.

Mayoral pledges and bus reform

3.5.11. The Combined Authority held a Mayoral election in May 2021 and Tracy Brabin was elected, identifying 10 pledges that will be prioritised for delivery over the Mayoral term (up to March 2024).

3.5.12. Two of these pledges closely align to the Assessment, demonstrating the importance to bus within the region, and a political commitment to assess options for bus reform. These are:

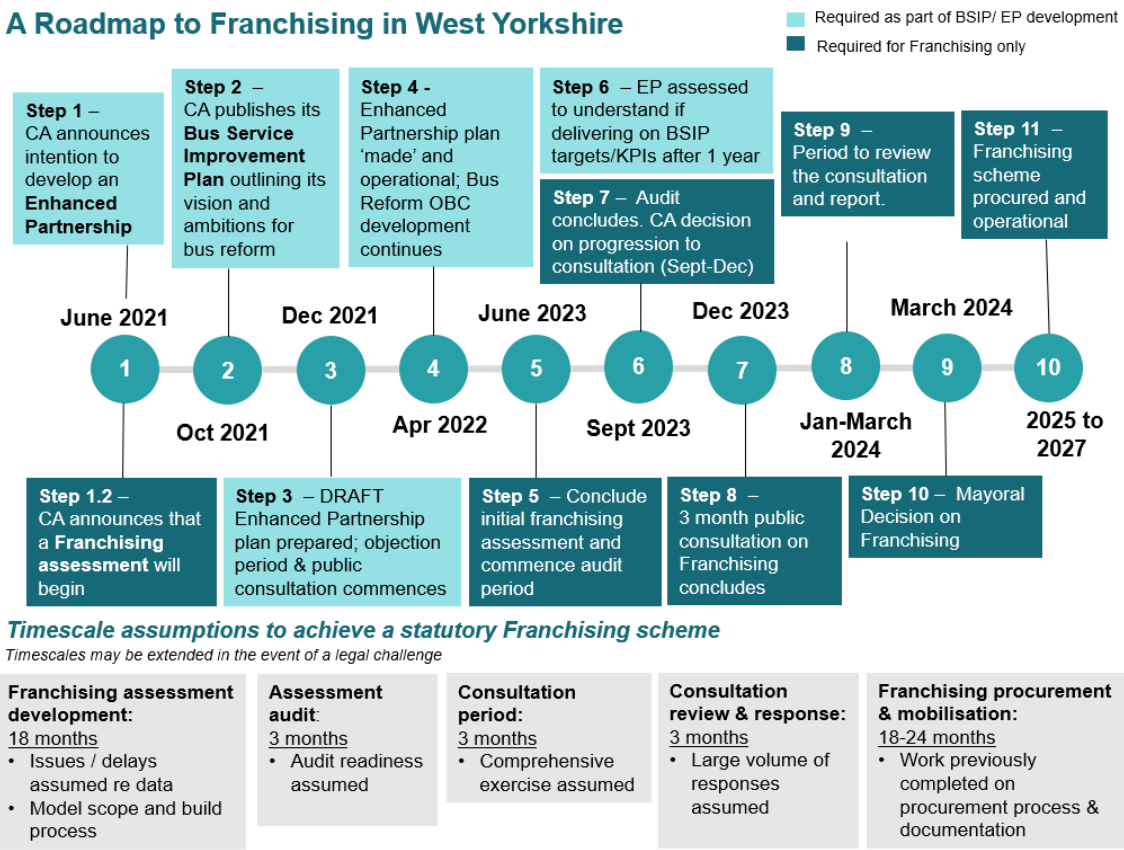
- Bring buses back under public control, introduce simpler fares, contactless ticketing and greener buses.
- Tackling the climate emergency and protecting our environment.

3.5.13. Both pledges are central to our Bus Service Improvement Plan published in 2021 (see above) and shape the direction of bus and transport decarbonisation in the coming years, regardless of governance mechanism.

3.5.14. The political ambition of longer-term bus reform within West Yorkshire is of great importance, showing the ambition for growing bus patronage and enhancing bus services for customers through introducing better value, simpler fares, whilst also striving for gains in environmental performance of the bus fleet.

3.5.15. The Mayoral ambition for bus is demonstrated in Figure 4 below, showing the timescales in working towards a decision for franchising, if this is deemed to be the best way forward for bus in West Yorkshire.

Figure 4: Bus Reform Roadmap



The Connectivity Infrastructure Plan (2021)

3.5.16. The Connectivity Infrastructure Plan focuses on how transforming connectivity can help raise productivity, living standards and environmental quality identifying the important places we need to connect and forming a long-term investment pipeline of schemes across all modes of transport.

3.5.17. The strategy gives an overview of the capacity challenges and future network needs for West Yorkshire and reflects the importance of transport in accessing jobs, investment and improving health outcomes. It aims to particularly address issues of inclusive growth and enhancing productivity and responding to the region's carbon reduction target.

3.5.18. The bus is at the heart of the Connectivity Infrastructure Plan, ensuring networks are revitalised and infrastructure is provided to give a competitive advantage over car.

3.5.19. The West Yorkshire Bus Network Review (2019) is a key evidence piece within the Connectivity Infrastructure Plan, consisting of a strategic study of the core bus network. This presented present and future demand for the bus, identifying existing and new locations to generate patronage growth, and the supporting infrastructure requirements to make bus competitive. This review evidenced that relevant services, supported by infrastructure, are required to make the bus a more attractive travel option for customers.

West Yorkshire Future Mobility Strategy (2021)

3.5.20. West Yorkshire Combined Authority has been working with its partners alongside academics, transport operators and industry to explore how technology and innovation in transport can help the region meet its wider goals.

3.5.21. The West Yorkshire Future Mobility Strategy is the result of this work and sets out how new forms of transport and services can help us to build a more prosperous region, improve people's quality of life, and reduce carbon emissions.

3.5.22. The objectives of the Future Mobility Strategy are to:

- Support and enable inclusive growth.

- Contribute towards our ambition of becoming zero carbon by 2038 and help to tackle the Climate Emergency.
- Help us achieve our targets to increase use of bus, rail, walking and cycling whilst reducing car use.
- Help to better plan and manage our transport networks to transform the affordability, ease and experience of the people using it.
- Contribute towards the region's recovery from the COVID-19 pandemic.

3.5.23. The Strategy sets out the principles and priorities for our work on Future Mobility over the next 10 years and inform our funding and investment decisions to ensure we make the best choices for the region to have a better, fairer and greener transport system.

Climate Emergency and Climate and Environment Action Plan (2019-2021)

3.5.24. The Combined Authority declared a climate emergency in 2019 and has set an ambitious target for becoming net zero carbon by 2038, with significant progress by 2030.

3.5.25. The West Yorkshire Climate and Environment Plan 2021-2024 is the Mayor's and Combined Authority's response to addressing the climate emergency and delivering mayoral pledges relating to climate, nature, and the green economy. It demonstrates how the region can go further and faster than national government, reinforcing commitments to be net zero carbon by 2038 at the latest.

3.5.26. Within the Climate and Environment Plan there are commitments to supporting the transition of the bus fleet to zero emissions and requiring all tendered services under our control to be zero emission, or with a comprehensive plan to move to zero emission as soon as possible. There is also a desire to invest more widely in Bus Priority Measures, strongly linked to our BSIP and City Region Sustainable Transport Settlement programmes.

Strategic Economic Framework (SEF) 2020

3.5.27. The SEF guides investment decisions and sets out our vision for West Yorkshire to be "recognised globally as a place with a strong, successful economy where everyone can build great businesses, careers and live

supported by a superb environment and world-class infrastructure." It brings together existing and subsequent policies and strategies under a single banner, ensuring greater alignment between our strategies, priorities and vision for the City Region.

3.5.28. One of the underpinning policies of the SEF is the West Yorkshire Bus Strategy which is acknowledged as key to delivering our priorities around boosting productivity, tackling the climate emergency, enabling inclusive growth, delivering 21st century transport and securing money and powers.

3.5.29. The SEF acknowledges the powers gained by the Combined Authority under the Devolution Deal and sets out that the through a business case, the Combined Authority will explore all options for delivering bus services in West Yorkshire.

3.5.30. The Strategic Economic Framework identifies five significant challenges and priorities for action to ensure that West Yorkshire can realise the economic vision for the region.

3.5.31. One of these is the need for a 21st century transport network with efficient infrastructure that connects our communities, making it easier to get to work, do business and connect with each other. The transport network is under increasing pressure and investment has not kept pace with economic and population growth.

3.5.32. The SEF recognises that although there is a focus on improving the position of bus in West Yorkshire through the BSIP and Enhanced Partnership Plan, further interventions are necessary.

3.6. Neighbouring Local Transport Authority and Partner Council strategies

Neighbouring Local Transport Authorities

3.6.1. West Yorkshire borders five local transport authorities: Derbyshire, Greater Manchester, Lancashire County Council, North Yorkshire and South Yorkshire. The franchising assessment guidance sets out the need to assess options for reform against transport policies of neighbouring authorities.

3.6.2. Each of these LTAs have Local Transport Plans, supported by their BSIPs with the objectives of these in Table 4 below summarising these. The table also includes a column to summarise whether the authority is in an Enhanced Partnership or Franchising Scheme.

Table 4: Neighbouring Authorities Transport Policies

Local Authority	BSIP Objectives	Bus reform status	LTP objectives
North Yorkshire	• A high quality, coordinated and integrated bus network • Simple payment and ticketing options • Simple, clear, and freely available information • Excellent customer service • Ticketing reform / fares support[12]	Enhanced Partnership made on 1st May 2022	• Economic growth • Road safety • Access to Services • Environment and Climate Change • More sustainable, cleaners and healthier travel choices[13]
Derbyshire	• First choice mode for existing and new customers • Available for more journeys and which grows to meet customer needs • Affordable to use • Environmentally sustainable • Welcoming and friendly for existing and new passengers • A connected network that helps reduce social isolation[14]	Enhanced Partnership made with operators as of March 2022 (not currently pursuing franchising[15])	• Supporting a resilient local economy • Tackling climate change • Contributing to better safety, security, and health • Promoting equality of opportunity • Improving quality of life and promoting a healthy natural environment • Pave path towards more sustainable travel habits[16]
Greater Manchester	• Providing customers with a safe and seamless travel experience • Turn up and go frequencies on major routes • Readily available, easy to use, live, and up-to-date	Greater Manchester will be running the bus network under a franchised system Franchising will be introduced in phases across 2023 and 2024 [18]	• Supporting sustainable economic growth • Protecting our environment • Improving quality of life for all • Developing an innovative city-region[19]

[12] Bus service improvement plan and Enhanced partnership | North Yorkshire County Council
[13] Local transport plan | North Yorkshire County Council
[14] Derbyshire BSIP – Final 29-10-21.pdf (derbysbus.info)
[15] Public transport - Derbyshire County Council
[16] Local Transport Plan Three - Derbyshire County Council
[18] Our Buses | Transport for Greater Manchester (tfgm.com)
[19] Greater Manchester Transport Strategy 2040 | Transport for Greater Manchester (tfgm.com)

	• Improvements to journey times and reliability • Significant increases in bus priority, and improvements to waiting environments • More affordable journeys, integrated with other modes • Zero emissions, high quality buses[17]		
South Yorkshire	• A faster, more reliable and punctual system helped by significant bus priority measures • A better bus experience with new bus shelters, on street information, backed by a new customer charter to improve journeys • A new zero emissions bus fleet and on-demand bus service • A proposal to make bus travel free for everyone aged 18 and under in South Yorkshire[20]	The Authority made an Enhanced Partnership with operators[21] and published its notice of intention to prepare bus franchising scheme on 22 March 2022.	• Residents and businesses connected to economic opportunities • Safe, reliable, and accessible transport network • Comprehensive and integrated transport connections that are reliable and affordable[22]
Lancashire County Council and Blackburn with Darwen Borough Council	• More frequent and reliable bus services • Improvements to planning / integration with other modes • Improvements to fares and ticketing • Higher specification buses • Improvements to passenger engagement[23]	Lancashire County Council made an Enhanced Partnership [24] (joint with Blackburn with Darwen Borough Council)	• Targeting air quality and carbon emissions • Improving road safety • Targeting congestion and parking • Improving health and wellbeing • Creating spaces that are safe and social for everyone • Improving accessibility and inclusion to transport • Maintaining transport assets in good condition

[17] Bus Service Improvement Plan | Transport for Greater Manchester (tfgm.com)
[20] 37770_Bus-Service-Improvement-Plan_FINAL.pdf (southyorkshire-ca.gov.uk)
[21] News - South Yorkshire MCA (southyorkshire-ca.gov.uk)
[22] SCR_Transport_Report-v4-5-04-06-19-(1).pdf (southyorkshire-ca.gov.uk)
[23] lancashire-with-blackburn-with-darwen-bus-service-improvement-plan.pdf
[24] lancashire-enhanced-partnership-updated-november-2022.pdf

			• Strengthening the economy • Offering quality transport alternatives to the private car[25]

3.6.3. The above table shows correlation across the objectives of the Combined Authority's West Yorkshire Transport Strategy 2040 and neighbouring authorities, with all authorities centring ambitions around the economy, the environment and people (quality of life).

3.6.4. The above table also demonstrates that whilst neighbouring authorities may be taking different routes to achieving bus reform, across EP and Franchising, the overlap between policy priorities suggests common goals for bus.

3.6.5. Further to this, the table below identifies the economic and environmental policies of neighbouring local authorities which would impact on the outcomes and delivery of bus reform in West Yorkshire.

Table 5: Neighbouring Authorities economic and environmental policies

Local Authority	Economic policy	Environment policy
North Yorkshire	A plan for economic growth[26] • Deliver a modern integrated transport network - electric vehicle charging and low carbon transport	Climate change strategy (in consultation) • Carbon negative region by 2040
Derbyshire	Derbyshire Council Plan[27] • Strong, diverse and clean economy supported by strong transport offer	Derbyshire Council Plan[28] • Encouraging the use of more sustainable modes of transport
Greater Manchester	Greater Manchester Local Industrial Strategy • Decarbonising transport – low carbon transport • Connecting places – improving connectivity and integration	Environment Plan[29] • Integrated, clean, affordable public transport • Increasing use of public transport
South Yorkshire	Strategic Economic Plan[30]	Strategic Economic Plan[31]

[25] highways-and-transport-strategy.pdf (lancashire.gov.uk)
[26] A plan for Economic Growth 2021 to 2024 (northyorks.gov.uk)
[27] The Council Plan 2023 to 2025 (derbyshire.gov.uk)
[28] The Council Plan 2023 to 2025 (derbyshire.gov.uk)
[29] greatermanchester-ca.gov.uk/media/1975/5_year_plan_exec_summ_digital.pdf
[30] SCR_SEP_Full_Draft_Jan_21-(accesssible).pdf (southyorkshire-ca.gov.uk)
[31] SCR_SEP_Full_Draft_Jan_21-(accesssible).pdf (southyorkshire-ca.gov.uk)

	• Transport for growth to enhance productivity (connectivity, frequency, capacity and reliability)	• Zero emission and low carbon transport • cleaner, healthier and more environmentally sustainable transport network Sheffield City Region Energy Strategy[32] • deliver a clean transport network • transition to zero emission network by 2035
Lancashire County Council	Lancashire County Council Economic Strategy[33] • Transport links to key employment, housing and learning sites. • Maximising the economic impact of enhanced connectivity • Infrastructure delivery	Lancashire Climate Change Strategy[34] • integrated, efficient and sustainable transport system. • Increase the use of public transport, walking and cycling. • Promote more efficient vehicles and alternative transport fuels Lancashire County Council Economic Strategy[35] • ultra low emission vehicles

3.6.6. The impacts on neighbouring authorities of bus reform options are discussed further in section 10 which also covers engagement with neighbouring LTAs.

West Yorkshire District Strategies

3.6.7. There are five districts across West Yorkshire which all have local plans. In addition, some also have their own additional transport strategies. The table below summarises the key points in relation to transport across these.

[32] SCR-Energy-Strategy.pdf (southyorkshire-ca.gov.uk)
[33] economic-strategy.pdf (lancashire.gov.uk)
[34] Climate Change Strategy (lancashire.gov.uk)
[35] economic-strategy.pdf (lancashire.gov.uk)

Table 6: West Yorkshire District Strategies

District	Key objectives
Bradford Metropolitan District Council	Local Plan for the Bradford District • Providing bus park and ride • Transport as part of sustainable travel for tourism • Investment in bus infrastructure Bradford Clean Air Plan • Adoption of Class C+ Clean Air Zone in September 2022
Calderdale Metropolitan District Council	Calderdale Transport Strategy (2016-2031) • Enabling growth • Improving connectivity • Enhancing the environment and quality of life
Kirklees Council	Kirklees Local Plan (2019) • Strategic transport infrastructure • Sustainable travel including highways management and management of parking
Leeds City Council	Connecting Leeds Transport Strategy • Tackling climate change • Delivering inclusive growth • Improving health and wellbeing
Wakefield Metropolitan District Council	Wakefield District Transport Strategy and Implementation Plan 2011-2026 • Transport assets • Connectivity • Travel enhancements • Safer roads

3.7. Summary

3.7.1. This section has discussed the policy context surrounding bus reform in West Yorkshire.

3.7.2. At a national level, the vision for bus and potential options available for LTAs are set out in the Bus Services Act 2017 and the National Bus Strategy which indicate the routes available for reform and which form the basis of this Assessment.

3.7.3. The vision for transport and bus in West Yorkshire is set out in the Transport Strategy 2040, updated by the Combined Authority's Bus Service

Improvement Plan. The vision is supported by the West Yorkshire Mayor, who was elected on a pledge to improve buses, to “introduce simpler fares, contactless ticketing and greener buses”.

3.7.4. Local policies demonstrate bus is a key element of a multi-modal transport system and plays a key role in decarbonisation. There are strong ambitions to improve the bus offer to customers and boost patronage to create a financially sustainable bus system.

4. West Yorkshire in numbers

4.1. Introduction

4.1.1. This section introduces the West Yorkshire region in terms of population demographics, economy and deprivation, relating these issues back to bus.

4.2. The West Yorkshire Region

4.2.1. The West Yorkshire region covers 780 square miles and has a population of 2.35 million. The region is polycentric in nature and is comprised of five metropolitan boroughs: Bradford, Calderdale, Kirklees, Leeds and Wakefield.

4.2.2. Our district encompasses both urban and rural areas with dispersed population centres across an interconnected network of urban centres. Table 7 below demonstrates the population, geographical size, population density, and the rural / urban area split across West Yorkshire's five districts.

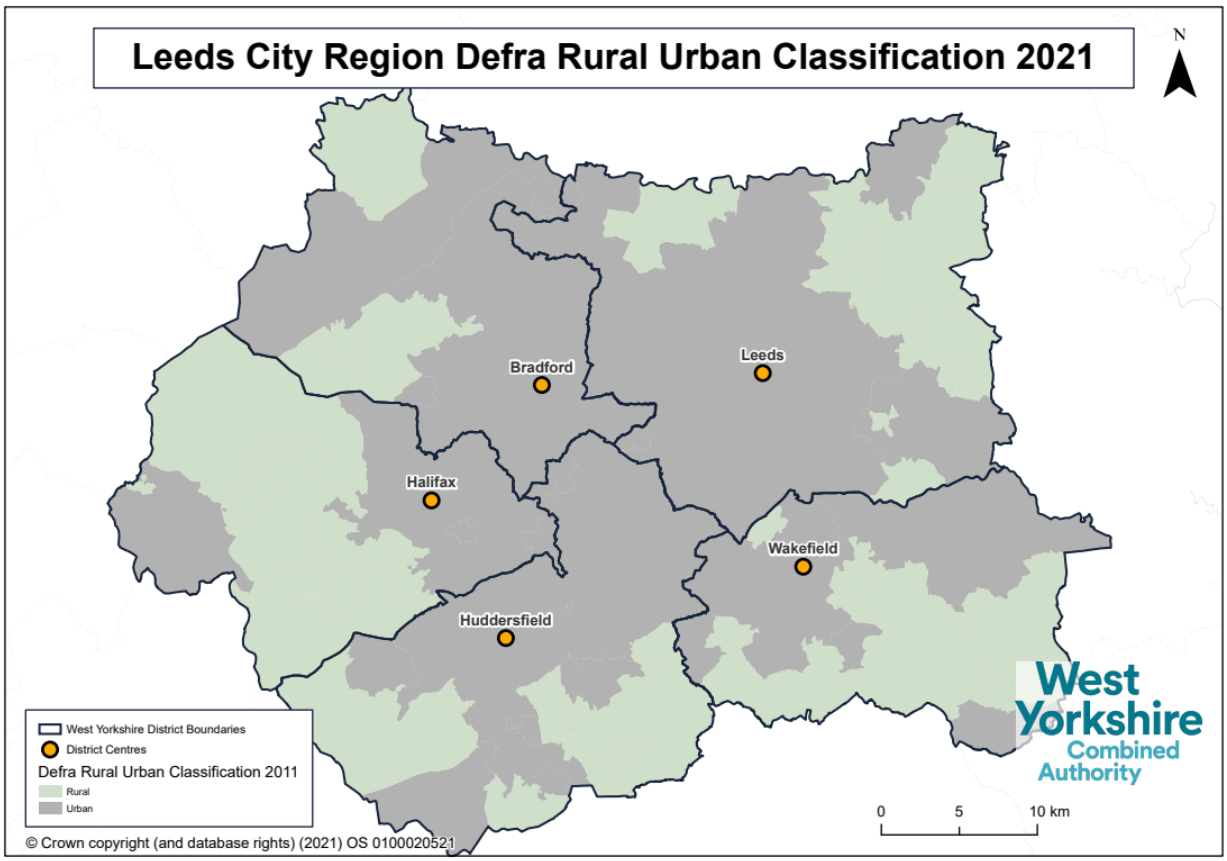
Table 7: West Yorkshire in numbers

Metropolitan Borough	Population (thousands)	Size (square km)	Population Density (pop./sq. km)	Rural / Urban split (Source: DEFRA)
Leeds	812	552	1,472	29% / 71%
Bradford	546	365	1,491	24% / 76%
Calderdale	207	363	560	60% / 40%
Wakefield	353	339	962	46% / 54%
Kirklees	433	409	1,034	36% / 64%
W. Yorkshire	2,351	780	1,159	38% / 62%

Source: Census 2021

4.2.3. Our region is built around our cities and towns that are strong economic players, with distinctive individual strengths such as manufacturing. The region is also supported by a network of smaller towns and villages, the rural urban classification can be seen in Figure 5 below.

Figure 5: Rural Urban Classification



4.3. Demographic trends

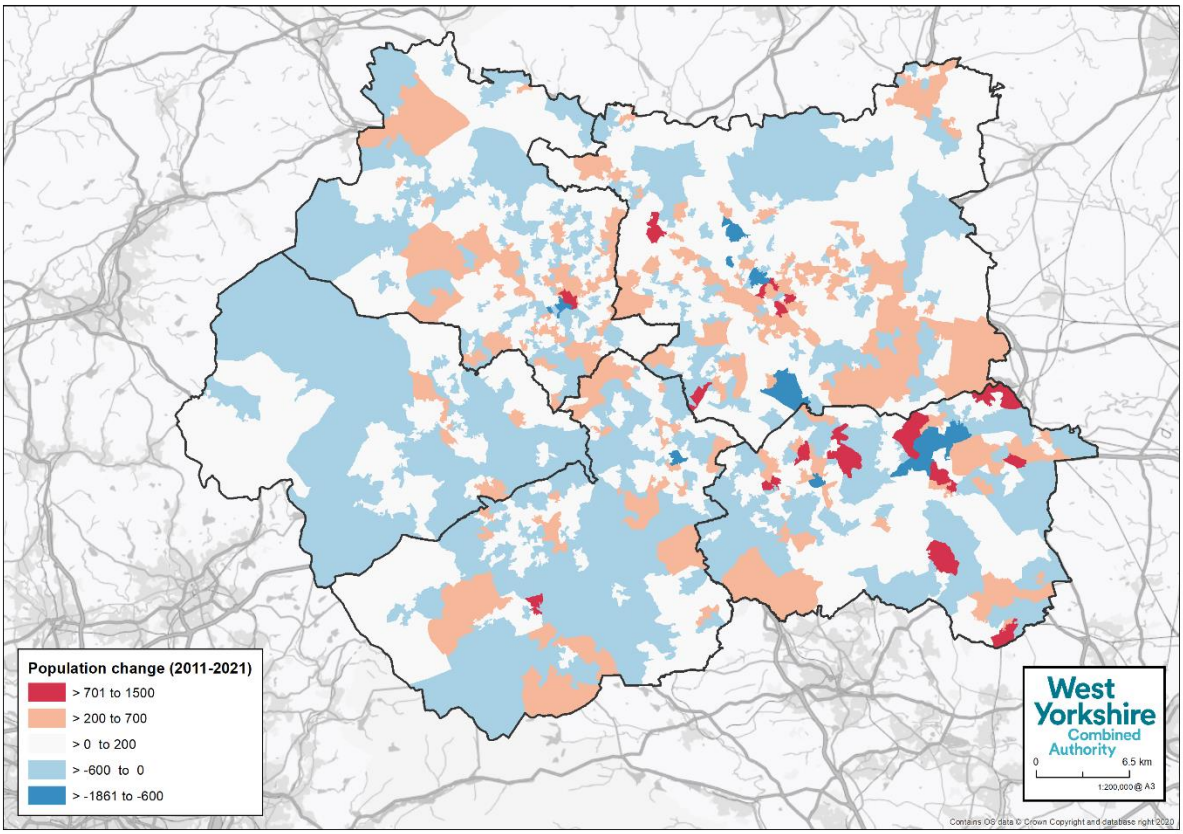
4.3.1. The population of West Yorkshire has increased by 6% in the last decade, a slightly smaller growth than the seen in England (7%). With a population increase of 8% since 2011, Wakefield and Leeds have driven most of this growth. This contrast with just 1% increase in population seen in Calderdale.

4.3.2. In Leeds and Bradford, the areas with the highest increase in population are located in areas around the city centre. In Wakefield, the areas with the highest population increase are observed in suburban areas north of Wakefield, and around the M62 in Normanton. Radial patterns of increase are also observed along or near main corridors in Leeds (A64 and A65), Bradford (B6144 and A658) and Wakefield (A642 and A6194).

4.3.3. These changes represent an opportunity to increase public transport around these locations.

4.3.4. By 2040, the population of West Yorkshire is forecast to grow to 2,489,034 (6% from 2021)[36]. This growth varies across the different cohorts of population, with the 65+ age group being the one with the greatest predicted increase (+32% relative to 2021).

Figure 6: Population change by neighbourhood 2011-2021



Age profile

4.3.5. West Yorkshire has a greater share of young people compared to England overall. Out of all the Local Authorities in England, Bradford has the 4th highest proportion of under 15s (21.4%).

4.3.6. Figure 7 below demonstrates how the size of the West Yorkshire population compares to that of England's population, when split out by age and sex. As is demonstrated, 18.8% of West Yorkshire's population are aged under 15 (vs 17.4% in England) and 38.4% are under 30 (vs 35.7% in England).

[36] Source: ONS (2019) National population projections: 2018 based. Available at: https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationprojections/datasets/2014basednationalpopulationprojectionstableofcontents

4.3.7. The amount of travelling adults undertake decreases with age and is due to a number of factors such as the decrease in commuting trips, the greater prevalence of health and mobility issues and reduced income. The Covid-19 pandemic has introduced the risk of infection as a new factor.

4.3.8. In addition, mode share varies greatly by age with age groups most likely to travel by bus being 17-20 and 70+ as seen in Figure 8.

4.3.9. With West Yorkshire having a young population, it demonstrates a significant market that could be better targeted by bus interventions.

Figure 7: Population pyramid showing the difference in the relative size of the 2021 population by sex for 5-year age bands for West Yorkshire and England

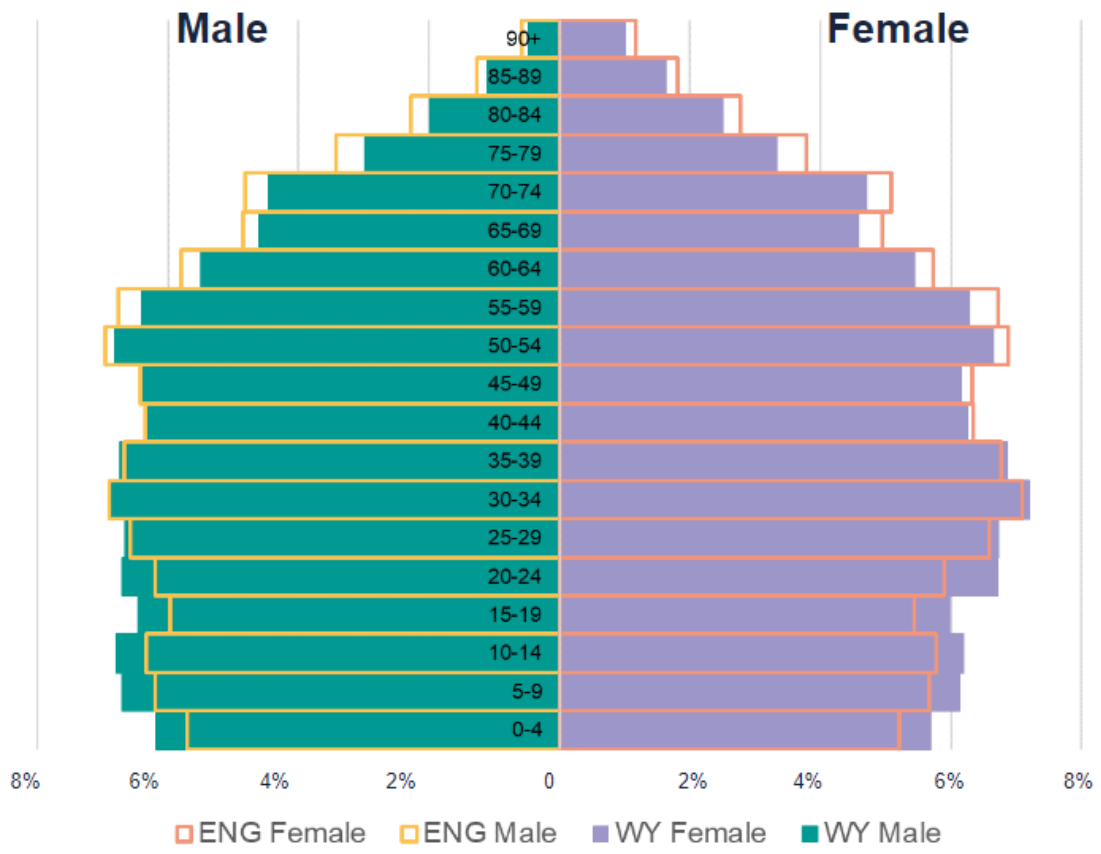
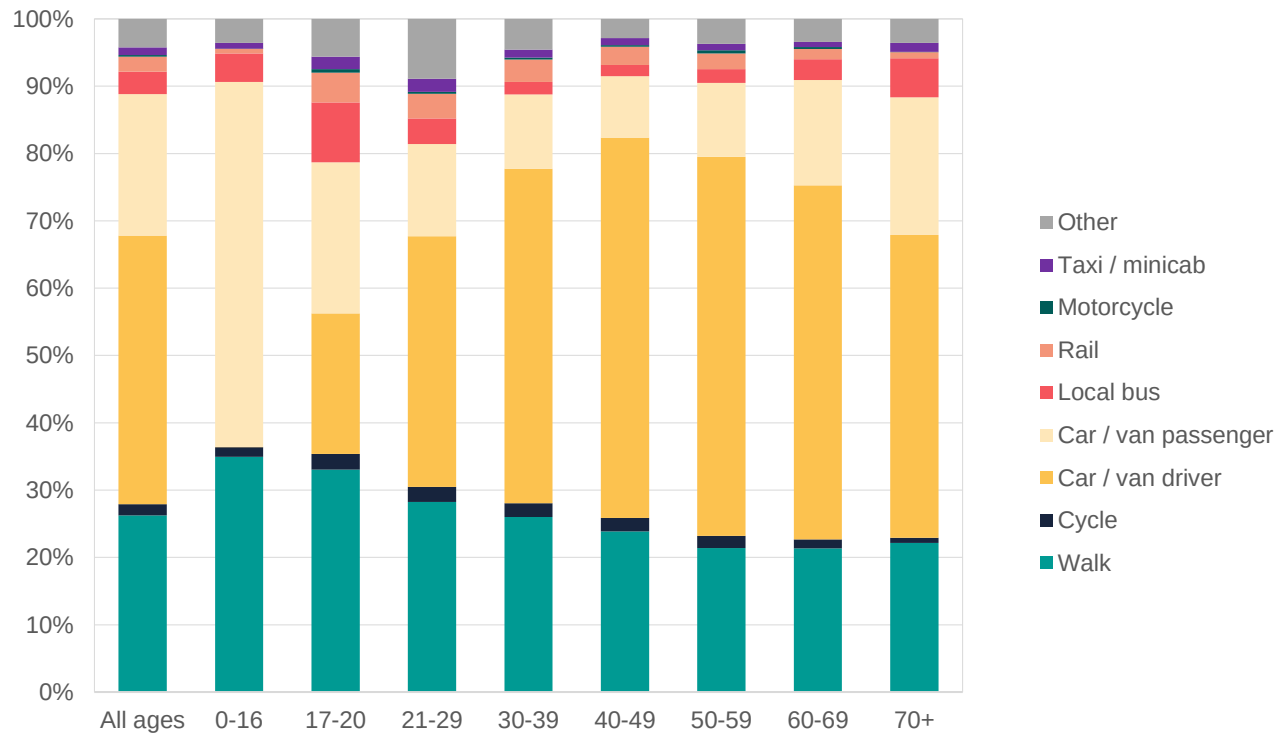


Figure 8: Mode share by age, England (2019)



Source: National Travel Survey

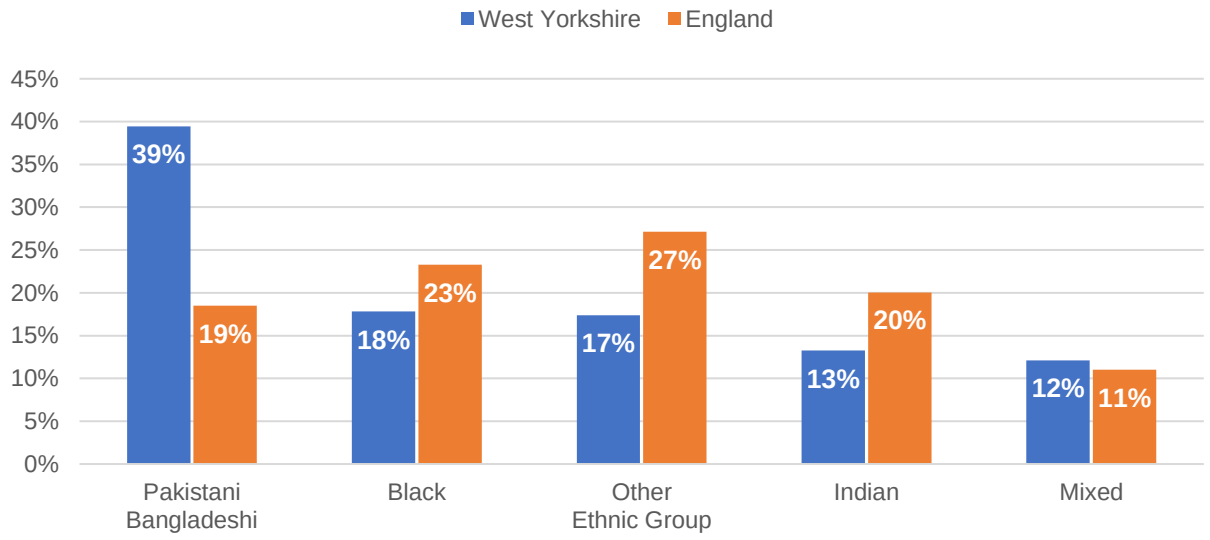
Ethnicity

4.3.10. 81% of the working age population in West Yorkshire is white, with 18% from a different ethnic group. Figure 9 shows the breakdown of ethnic minority groups in the working age population in West Yorkshire.

4.3.11. In most ethnic minority groups, a higher proportion of adults live in households without access to a car or a van than is the case for the white group. For example, only 17% of white adults live in a household without access to a car or van, increasing 22% for Asian / Asian British and 39% for Black / African / Caribbean / Black British groups.

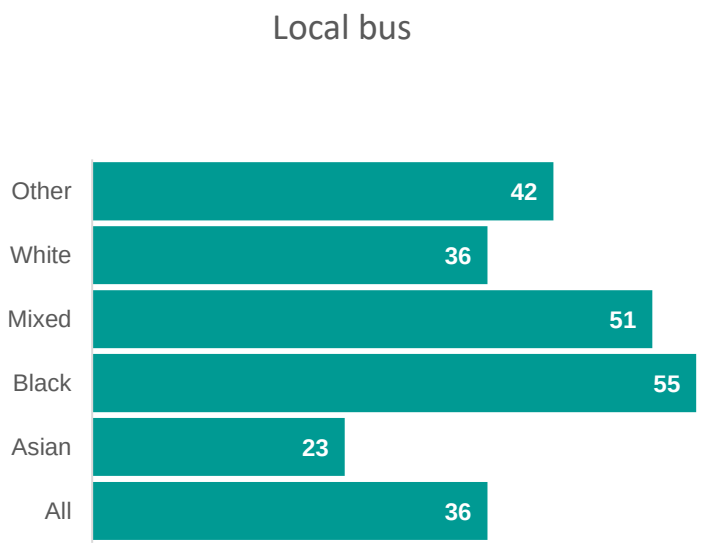
4.3.12. Figure 10 below shows the average number of trips made per person per year by ethnicity on local bus journeys, demonstrating that Asian and White groups take significantly fewer trips via this mode. Nationally, people from the black and mixed groups made the highest average number of trips by local bus at 55 and 51 per annum respectively, compared with a figure of 36 for the white group and an average for all ethnic groups of 36.

Figure 9: Ethnic minority groups in West Yorkshire - Proportion of ethnic minority working age population, Oct 2021-Sep 2022.



Source: Annual Population Survey

Figure 10: Average number of trips made per person per year, by ethnicity and mode of transport



Source: National Travel Survey[37]

[37] Cited at Travel by distance, trips, type of transport and purpose - GOV.UK Ethnicity facts and figures (ethnicity-facts-figures.service.gov.uk)

4.4. Economy

Productivity and businesses

4.4.1. West Yorkshire has an employed workforce of 1.1 million and around 95,000 businesses. The region's economic output is worth £57.4 billion, making it the third largest city region (or equivalent) economy in the UK outside London[38].

4.4.2. Over the last 12 months, the number of payrolled employees has increased by 3%, in line with national figures. The median wage across the region has increased by 7% over the last 12 months, to £1,979/month[39]. However, wages have not kept pace with inflation, and this is expected to continue throughout 2023.

4.4.3. The economy within West Yorkshire is increasingly drawing highly skilled, knowledge intensive service sector workers –it has the largest finance and insurance sector of any of 10 combined authority areas in England, whilst retaining a strong tourism offer and outstanding cultural and leisure opportunities[40].

4.4.4. In March 2021 West Yorkshire was home to 92,400 private sector businesses[41], giving the area the third largest business base among MCAs, behind Greater Manchester and West Midlands. Nearly all (99.6%) of local private sector businesses are small and medium sized i.e. fewer than 250 staff[42]. This is in line with the national average.

4.4.5. In the past five years, our region has seen particularly strong growth in transport and storage industries, with a net increase of 77% in the business

[38] West Yorkshire Combined Authority, State of the Region Report, 2022, Available at:state-of-the-region-2022-full-report-v2.pdf (westyorks-ca.gov.uk)
[39] West Yorkshire Combined Authority, Cris in the Cost of Living and Doing Business, September 2022, Microsoft Word - Item 5 - Crisis in the cost of living and doing business CLEARED (moderngov.co.uk)
[40] West Yorkshire Combined Authority, State of the Region Report, 2022, Available at:state-of-the-region-2022-full-report-v2.pdf (westyorks-ca.gov.uk)
[41] ONS, Inter Departmental Business Register (accessed through NOMIS), 2021
[42] West Yorkshire Combined Authority, State of the Region Report, 2022, Available at:state-of-the-region-2022-full-report-v2.pdf (westyorks-ca.gov.uk)

count (compared to 59% nationally) and in accommodation and food, which has seen a growth of 22% (compared with 17% across England)[43].

4.4.6. Local productivity has remained markedly below national levels, even excluding London, over the past decade. In 2020, West Yorkshire's output per hour worked was 87% of the UK average, which represents a wider gap than the existing before the 2008 recession[44].

4.4.7. GVA per head in West Yorkshire –an indicator of the region's prosperity– stood at £24,500 in 2020, which is 82% of the average for England[45]. With a figure of £33,500, Leeds is the only area of West Yorkshire where output per head is higher than the England average[46].

4.4.8. Our economy does not currently benefit everybody in the region, and it does not contribute as much to the rest of the country as it could. In relative terms West Yorkshire and the rest of the North of England have been in economic decline, demonstrated by lower levels of employment, output per worker, qualifications, and household income.

4.4.9. Productivity is below national levels in all parts of the region, and the gap to national performance is not closing. Despite improvements there remains a gap between local and national skill levels, particularly for higher level skills. Businesses in the region are characterised by relatively low levels of businesses investment in R&D and innovation activity.

Employment

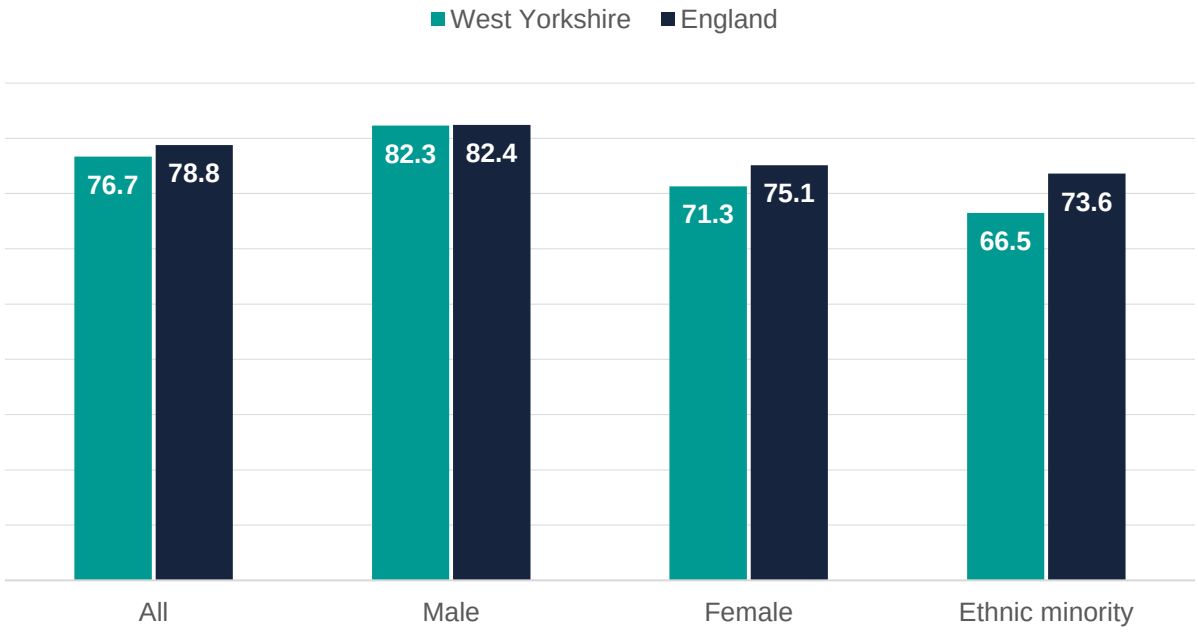
4.4.10. The unemployment rate among those aged 16 and over in West Yorkshire is currently 3.7%, similar to the England average[47]. Unemployment is lower among West Yorkshire women (4.2% of women are unemployed, compared to 5.6% of men); however, the rate of activity is more than 10 percent points lower for women than men (71.3% and 82.3%, respectively).

4.4.11. Ethnic minority groups have rates of unemployment substantially higher than average. The unemployment rate for people belonging to an ethnic

[43] West Yorkshire Combined Authority, State of the Region Report, 2022, Available at:state-of-the-region-2022-full-report-v2.pdf (westyorks-ca.gov.uk)
[44] Ibid
[45] Ibid
[46] Ibid
[47] ONS, "Annual Population Survey. Sept 2021 – Oct 2022" (accessed through NOMIS), 2022

minority in West Yorkshire is currently 9.3%, more than double the region's average and also substantially higher than the England's rate for the same group (6.6%)[48].

Figure 11: Proportion of people aged 16 and over who are economically active, West Yorkshire and England (%)



Source: Annual Population Survey

4.5. Deprivation

4.5.1. Within West Yorkshire, 20% of neighbourhoods are categorised in the 10% most deprived in England, with significant pockets of deprivation existing across all five of the districts[49]. This is equivalent to more than half a million people.

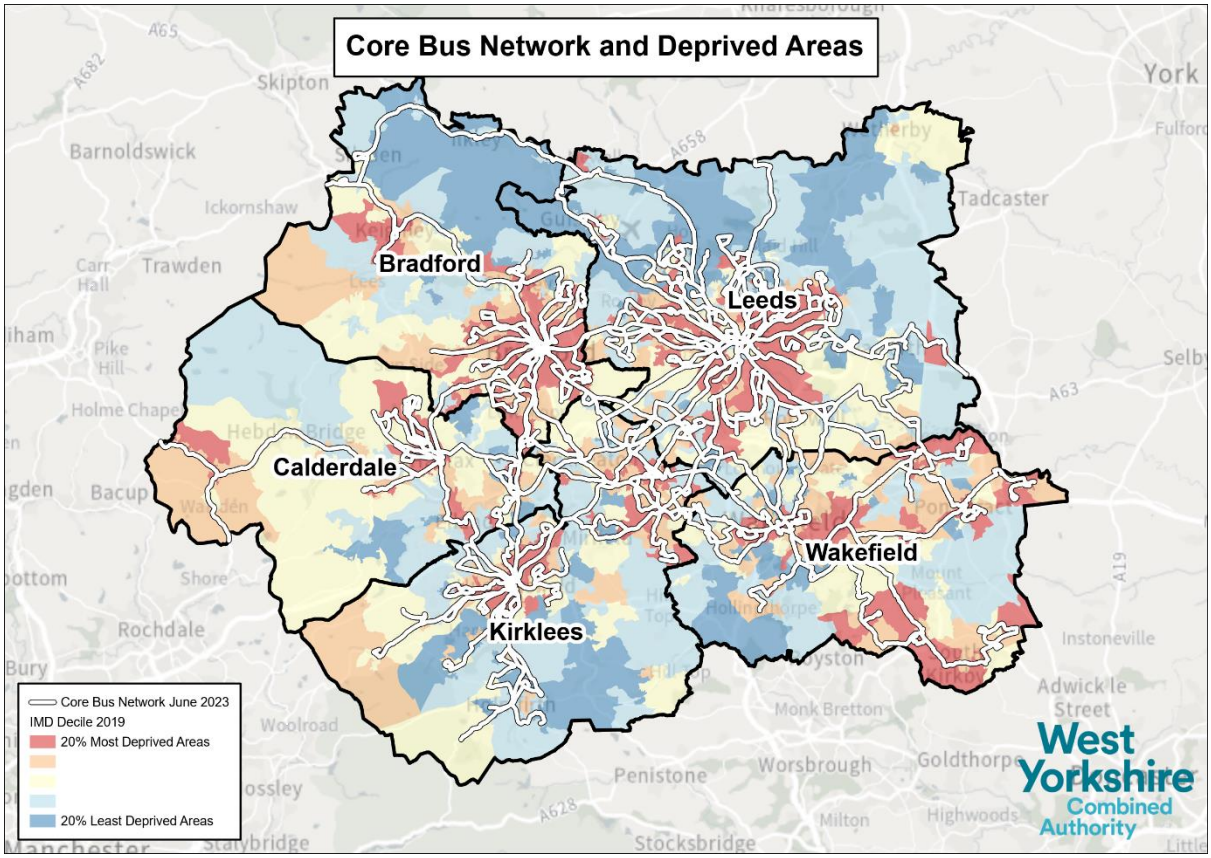
4.5.2. Of the 100 most deprived neighbourhoods in England four are in Bradford, and three are in Leeds[50]. There is significant spatial variation in deprivation at district level with deprivation significantly high within Bradford, 49% of residents living within the most deprived quintile[51].

[48] West Yorkshire Combined Authority, State of the Region Report, 2022, Available at:state-of-the-region-2022-full-report-v2.pdf (westyorks-ca.gov.uk)
[49] Index of Multiple Deprivation, 2019, English indices of deprivation 2019 - GOV.UK (www.gov.uk)
[50] West Yorkshire Combined Authority, State of the Region Report, 2022, Available at:state-of-the-region-2022-full-report-v2.pdf (westyorks-ca.gov.uk)
[51] Ibid

4.5.3. The proportion of West Yorkshire neighbourhoods falling into the most deprived areas in England increased between 2015 and 2019, with 24 more neighbourhoods in West Yorkshire counting among the most deprived ones nationally[52]. The most disadvantaged areas are clustered around town and city centres and their periphery. A key issue of concern is that a third of residents in the most deprived neighbourhoods are from an ethnic minority group.

4.5.4. It is important that the bus network is affordable and easy to access within deprived neighbourhoods in order to better achieve inclusive growth and connect people to education, training and employment opportunities.

Figure 12: IMD 2019 at neighbourhood level



4.6. Disability

4.6.1. Nine per cent of adults in England report having a mobility difficulty. The proportion of those reporting a disability increases with age, with just 4% in

[52] West Yorkshire Combined Authority, State of the Region Report, 2022, Available at:state-of-the-region-2022-full-report-v2.pdf (westyorks-ca.gov.uk)

the 16-49 age group reporting a mobility disability, a percentage that increases to 26% for people aged 79 and over[53]. Disabled adults make 38% fewer trips than those with non-disabled adults, and travel just 46% of the distance travelled by the latter[54].

4.6.2. Disabled adults undertook 26% fewer trips by public transport than those with non-disabled adults. They are more reliant on trips by taxi and trips as car passengers[55].

4.6.3. In terms of public transport use, disabled people are more likely to use the bus and less likely to use rail.

4.6.4. A high percentage of disabled people are self-employed, due to a lack of alternative employment options. The number of disabled people in the working age population in West Yorkshire has increased from 289,000 from 2014 to 348,000 in 2021[56].

4.6.5. Ensuring a that bus is easy to access both in terms of the reach of the network and the onboard accessibility is therefore important in achieving the vision for bus as set out in the West Yorkshire BSIP.

4.7. Summary

4.7.1. This section has demonstrated the key demographic statistics across West Yorkshire outlining population statistics, local economy, deprivation and age profile of the region.

4.7.2. The age profile of the region demonstrates that West Yorkshire has a young population, presenting an opportunity for the bus market within the region, whilst statistics have demonstrated how different age groups have differing travelling behaviours.

4.7.3. The productivity of the region is currently not as strong as it could be. It lags behind other regions as well as against national levels, with the levels of

[53] Department for Transport, Transport: Disability and Accessibility Statistics, 24 March 2021 Transport: Disability and Accessibility Statistics, England 2019/20 (publishing.service.gov.uk)
[54] Ibid
[55] Ibid
[56] West Yorkshire Combined Authority, State of the Region Report, 2022, Available at:state-of-the-region-2022-full-report-v2.pdf (westyorks-ca.gov.uk)

unemployment also higher than neighbouring areas. Training and qualifications also lag behind other comparable areas.

4.7.4. Deprivation is widespread, geographically. The most deprived neighbourhoods correspond to those areas of poor car accessibility and multiple deprivation, which the bus needs to serve well to ensure accessibility to employment, education and leisure opportunities.

4.7.5. It demonstrates the diverse geographical market that the bus is looking to serve in West Yorkshire and some of the challenges associated with providing a reliable bus network that serves a variety of ages, rural and urban areas and levels of deprivation.

5. Buses in West Yorkshire

5.1. Introduction

5.1.1. This section discusses market trends for bus in West Yorkshire, looking at existing bus customer trends and current state of the market, including an overview of patronage, bus operators and the Combined Authority's role. It starts to explore the challenges faced by customers and the market within a West Yorkshire context.

5.1.2. Further detailed information can be found in *Buses in West Yorkshire* (Appendix 1.1) which reflects on the challenges faced within the West Yorkshire bus market over the past 15 years.

5.2. Customer context in West Yorkshire

Mode Share

5.2.1. Mode share statistics, seen in Figure 13 below, shows the distribution across all journeys in West Yorkshire. This demonstrates that the private car is the dominant mode across all journeys accounting for 62% of trips by West Yorkshire residents between 2017-19[57].

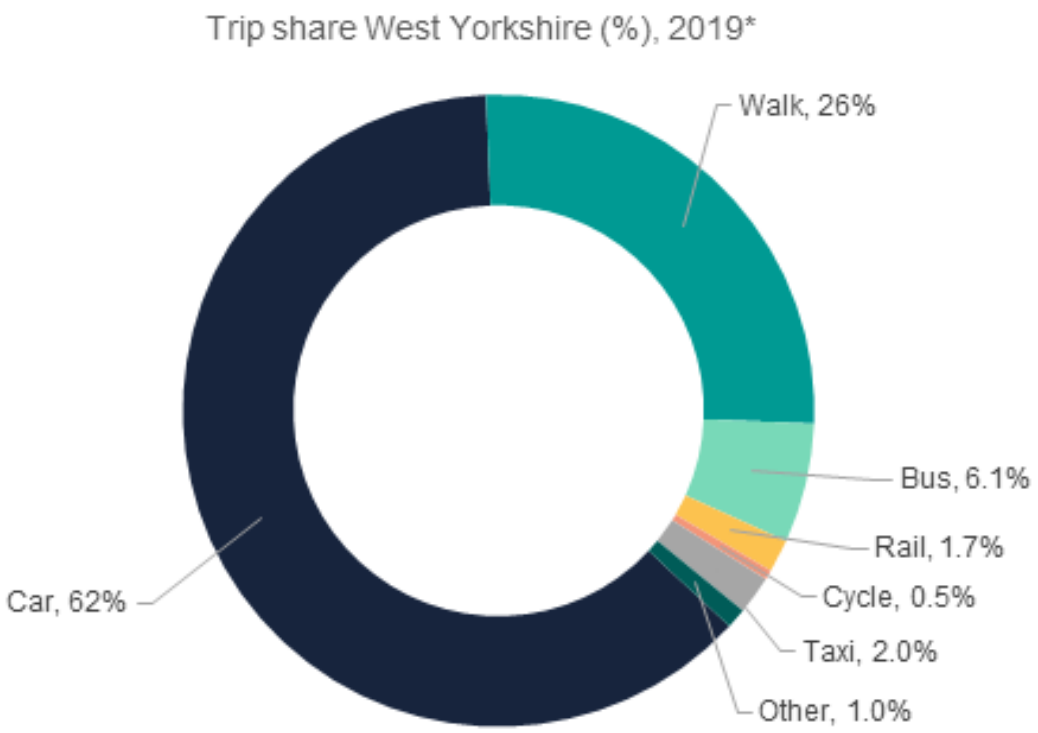
5.2.2. Bus is the most widely used mode of public transport, with mode share accounting for just over 6% of journeys, over three times that of rail. This reflects the importance of the existing bus offer, and with a highly constrained rail network, centres bus as key public transport mode for economic success.

5.2.3. This is supported by organisational policy and strategy, with promoting bus use a key commitment within the West Yorkshire Transport Strategy 2040, Bus Service Improvement Plan (2021) and Connectivity Infrastructure Plan (2021) for means of getting people to work and leisure opportunities across the Region and for wider economic and environmental goals including promoting inclusive growth and achieving our net zero by 2038 ambition.

[57] National Travel Survey 2017-19

5.2.4. The number of trips made by car has been steadily increasing in recent years, and data indicates that congestion on our locally managed roads is already above average for England in Yorkshire and Humber and is worsening[58], exacerbating our public transport journey time and reliability issues, and making it harder to operate an effective and comprehensive bus network.

Figure 13: Trip share West Yorkshire (2017-19)



Bus patronage trends

5.2.5. Bus patronage trends indicate a trend of long-term decline, as demonstrated in Figure 14. Furthermore, the Covid-19 pandemic had a significant impact on bus patronage, which has still not fully recovered to pre-pandemic levels.

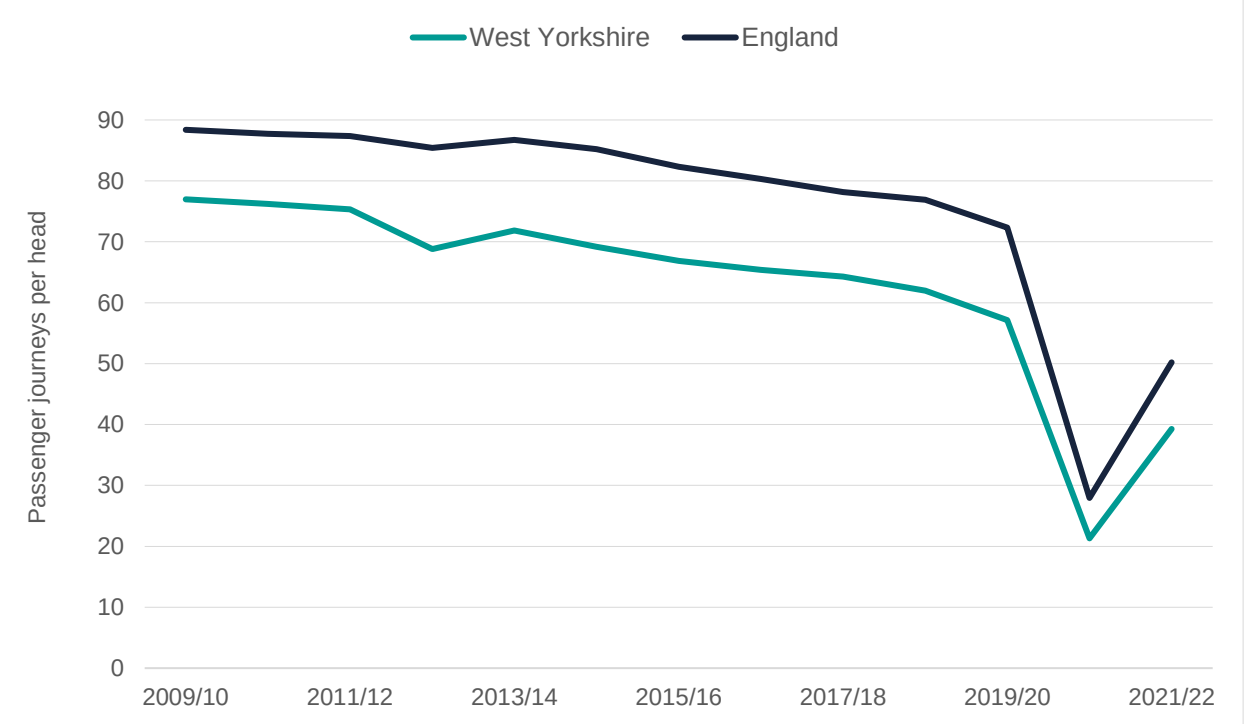
[58] West Yorkshire Combined Authority, West Yorkshire Connectivity Plan – Appraisal Handbook, August 2020, Case_for_Change_Appraisal_Handbook.pdf_8e0f52c4ed6d6d3b8962fa86f4bfeb1f (amazonaws.com)

5.2.6. Whilst bus patronage has continued to improve since the pandemic, it is still only 84%[59] of that pre-covid, with evidence suggesting that travel patterns may have changed, further details on this can be found in 5.6 below.

5.2.7. Figure 14 demonstrates that whilst this decline reflects national trends, West Yorkshire also falls below the national average passenger journeys per head and has seen faster decline than the national average.

5.2.8. The Combined Authority also has lower passenger journeys per heads in comparison to some comparable Combined Authority areas when looking at National Travel Survey (NTS) 3 year rolling average. The comparable areas which have higher bus trips per person include Liverpool City Region, Greater Manchester and Tyne and Wear (see Figure 15).

Figure 14: Passenger journeys per head of population, West Yorkshire and England



Source: DfT Bus Statistics, Table BUS01f

[59] West Yorkshire Combined Authority Research & Intelligence Team "West Yorkshire Economic & Transport Insights Report", June 2023, https://www.westyorks-ca.gov.uk/media/10514/lcr-economic-and-transport-insights-june-external.pdf

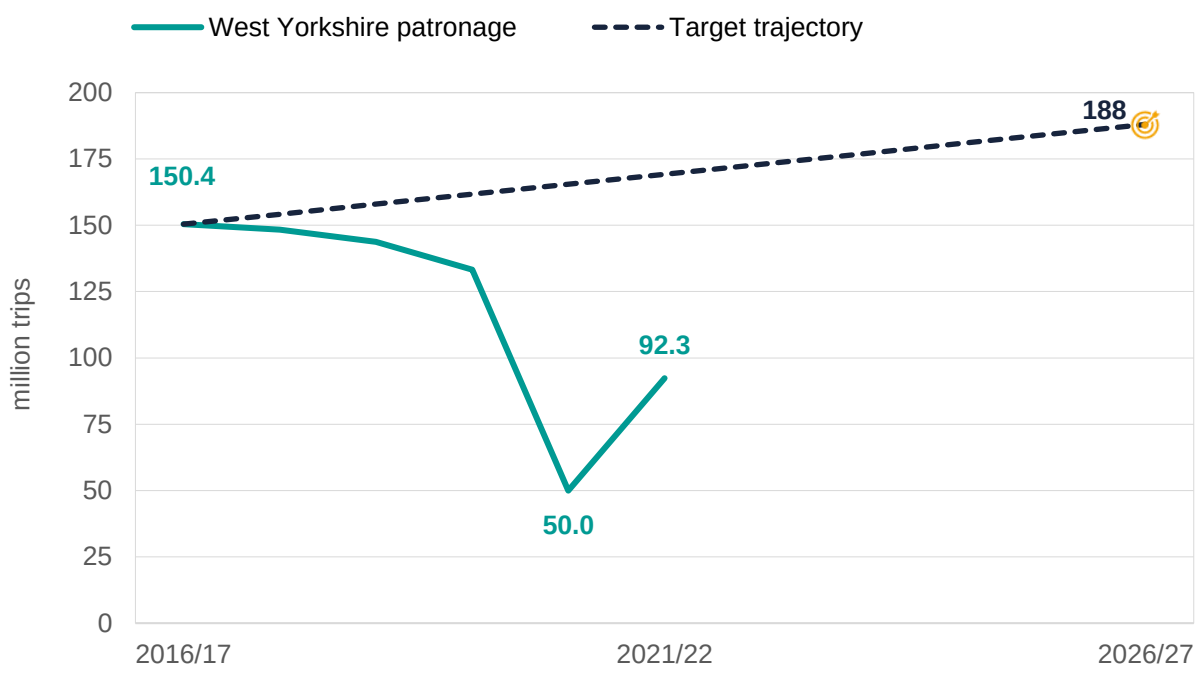
Figure 15: Bus trips per person compared to the national average (2017/19)

* 3-year rolling average (2017/19) Source: NTS (Bespoke)

5.2.9. Figure 16 demonstrates the number of annual bus journeys in the region is on a long-term downtrends trend falling from approximately 169 million in 2009/10 to around 133 million in 2019/20, with a dramatic decline to 50 million in 2020/21 due to the Covid-19 pandemic amid travel restrictions and closure of non-essential services. This has since recovered to 92.3 million for 2021/22.

5.2.10. As such, bus patronage looks set to fall significantly short of local targets such as that set in the West Yorkshire Bus Strategy (2017) which aimed for a 25% growth in regional bus patronage by 2027 as show in Figure 16 below.

Figure 16: West Yorkshire bus patronage growth - actual against targets



Source: DfT Bus Statistics, Table BUS01e

Commuting and travel flows

5.2.11. West Yorkshire comprises of an interconnected network of cities and major towns along with smaller towns and villages. These places are highly connected economically, with 90% of those living in the region also working within the Region[60]. The public transport network is therefore of vital importance to moving residents around the region, contributing to economic success and getting customers to where they need to go for employment and leisure opportunities.

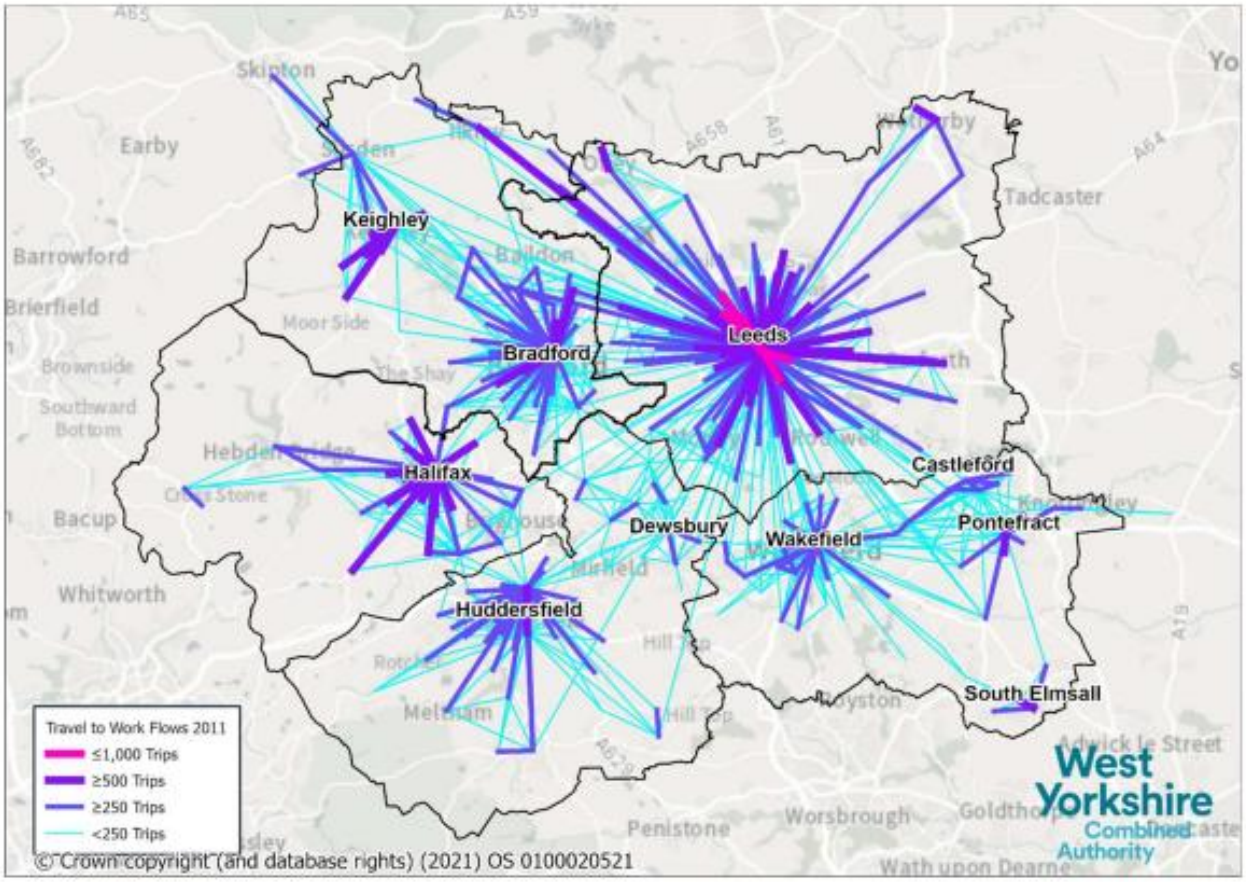
5.2.12. Figure 17 below demonstrates the 1,000 largest travel to work flows in West Yorkshire in 2011 showing a significant numbers of these commuting trips are contained within West Yorkshire.

5.2.13. Whilst a fifth of residents' travel to a work destination outside their home district, this is largely within West Yorkshire. Links to the wider City Region

[60] West Yorkshire Combined Authority "West Yorkshire: State of the Region Report", 2021, Microsoft Word - SotR Draft Full Report FINAL 251021 (westyorks-ca.gov.uk)

are also important, with flows between towns and cities such as Harrogate, Skipton and York also having strong commuter flows.

Figure 17: 1,000 largest travel to work flows in West Yorkshire (2011, Census)



5.2.14. Areas of high employment density attract large volumes of commuting trips. In West Yorkshire, the locations with the highest employment density are in central and east Leeds, around Normanton in Wakefield and central Halifax. In addition, as areas of high economic activity, they also attract journeys made by people who are accessing retail, service and leisure activities and other essential services, such as local government services and hospitals.

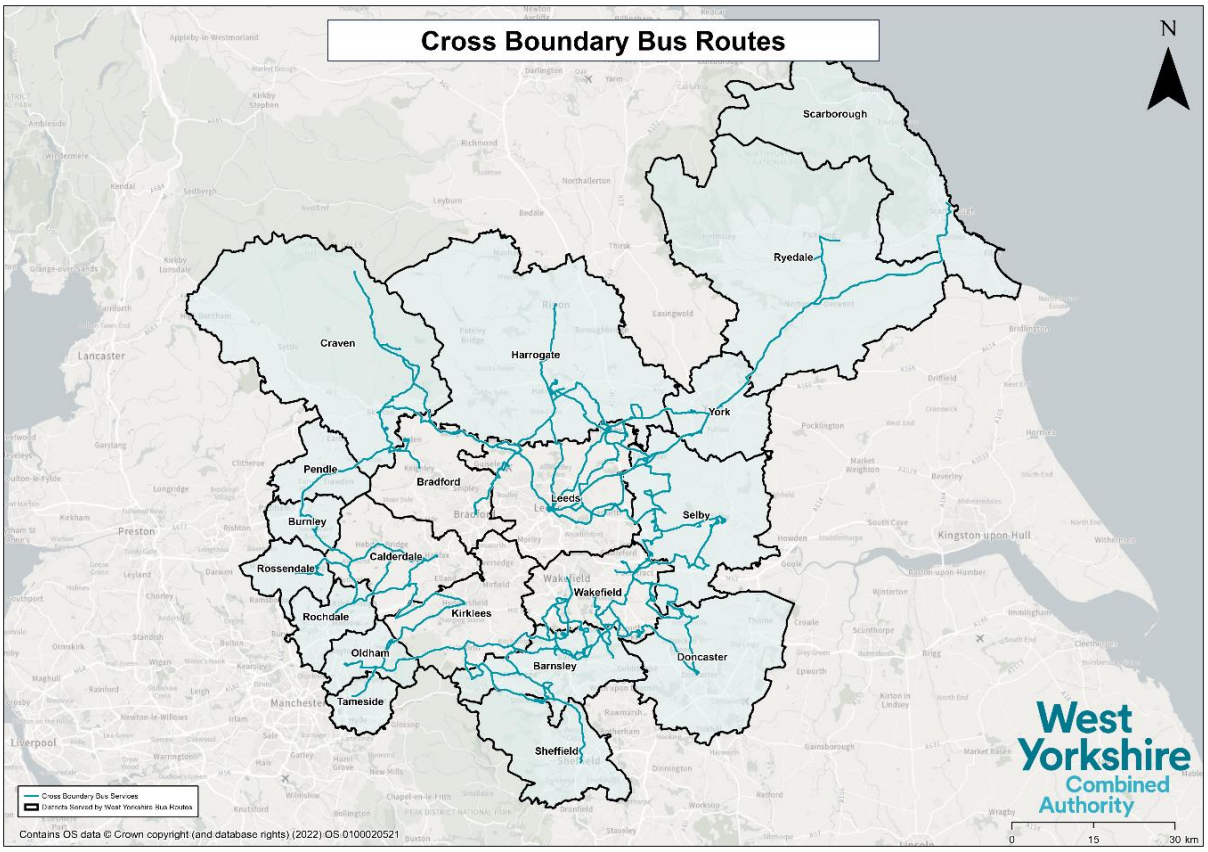
5.2.15. For such high-volume flows to be made sustainably and efficiently, public transport needs to be an attractive alternative to car, whilst also providing connectivity to job opportunities and access to services for those without access to a car.

Cross Boundary flows

5.2.16. West Yorkshire borders five transport authorities: North Yorkshire County Council, Derbyshire County Council, Greater Manchester Combined Authority, South Yorkshire Combined Authority and Lancashire County Council and Blackburn with Darwen Borough Council.

5.2.17. The Combined Authority works cooperatively across boundaries and runs several cross-boundary bus services as evidenced by Figure 18 below. As such, it is important to ensure that there is coherence across transport policies to ensure that services can be run efficiently and effectively across boundaries.

Figure 18: West Yorkshire Cross Boundary Bus Network

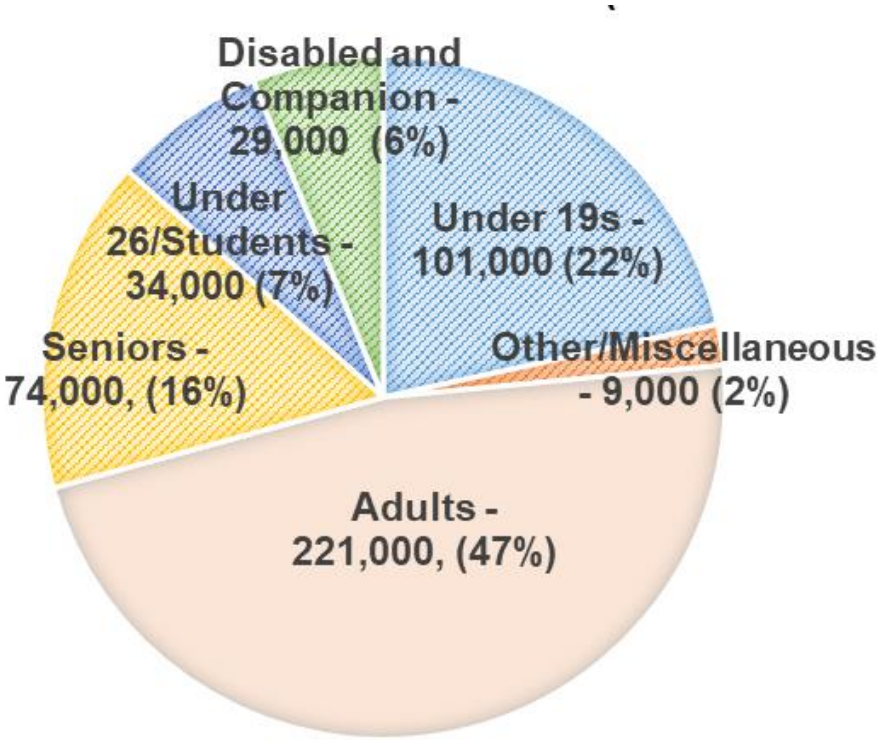


5.2.18. Bus Services Act 2017 Franchising Scheme Guidance requires the Combined Authority to take into account the impact of bus reform on neighbouring authorities strategies and policies which are outlined in section 3 above and further discussed in section and this is set out in sections 10 below.

Customer segmentation

5.2.19. Figure 19 demonstrates the composition of the West Yorkshire bus passenger market using bus operator data from prior to the Covid-19 pandemic. It demonstrates the biggest proportion of bus passengers were adults (47%), followed by under 19s (22%) and seniors (16%)[61].

Figure 19: Composition of the West Yorkshire bus market

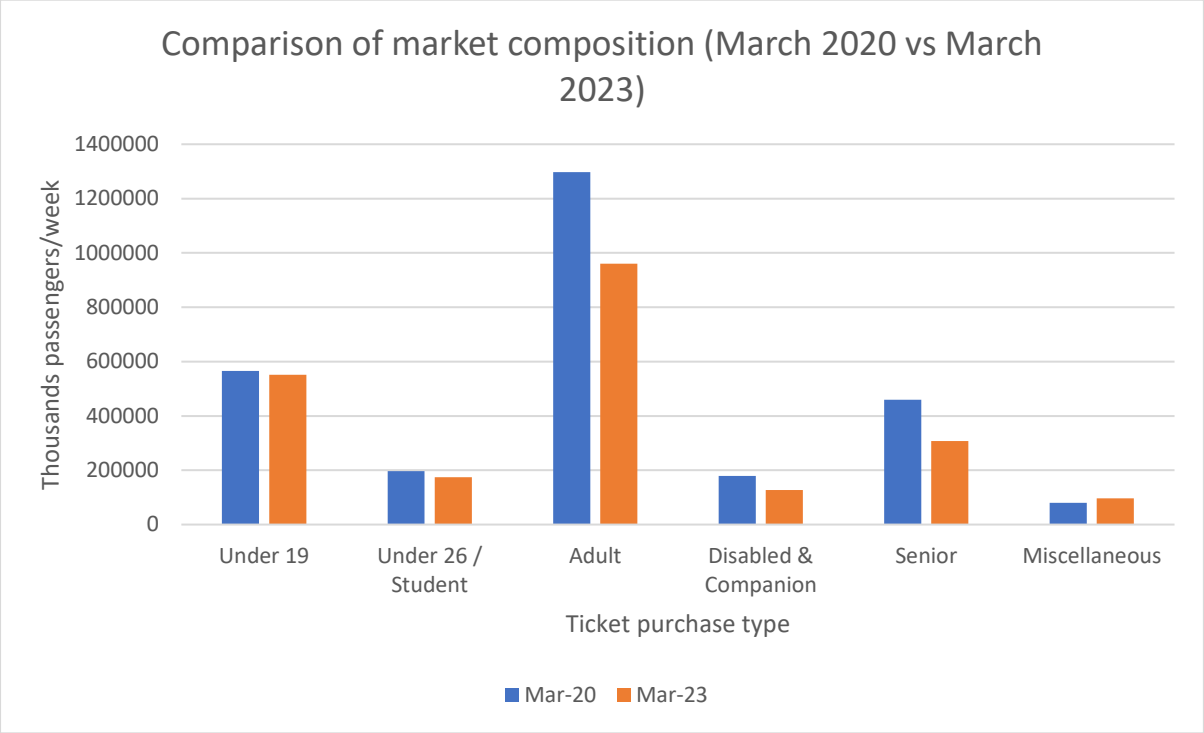


Source: ticket machine date extracted for journeys on Arriva, First and Transdev buses

5.2.20. Post-pandemic the composition of the West Yorkshire bus market has altered, shown in the graph below, with concessionary travel and adult travel still falling significantly lower than pre-pandemic. Figure 20 below demonstrates the breakdown of passenger cohorts versus the pre-pandemic baseline.

[61] Ticket machine data from Arriva, First and Transdev

Figure 20: Composition of West Yorkshire bus market 2020 vs 2023



Source: ticket machine data extracted for journeys on Arriva, First and Transdev buses

5.3. Customer engagement

Annual perceptions survey

5.3.1. The West Yorkshire Public Perceptions of Transport survey is an annual consultation with West Yorkshire residents indicating travel trends and attitudes.

5.3.2. The West Yorkshire Public Perceptions of Transport Survey (2022-23) showed falling satisfaction with key public transport areas, and in particular bus elements. In the latest survey, the overall score for satisfaction with local bus services fell to 5.9 (out of 10), the lowest levels in the last 5 years**Error! Bookmark not defined.**.This was after a rise in satisfaction in the previous year which could be associated with reduced congestion during the pandemic, decreasing issues such as punctuality and reliability.

5.3.3. Findings from the previous years Annual Public Perceptions of Transport Survey (2020/21) highlighted that (other than COVID-19) convenience (42%) and availability of service (13%) as some of the main reasons for non-users not to travel more often by bus.

Mayor's Big Bus Chat

5.3.4. The Combined Authority ran a public engagement with the people of West Yorkshire in summer 2022 to better understand the current attitudes of local residents towards bus services and whether the proposals set out within the BSIP were appropriately responding to these views.

5.3.5. The engagement included a survey that was centered around BSIP themes and questions were formulated on travel habits; general views on buses; the local bus network; bus fares and tickets; customer service; support and safety (including accessibility); environmentally friendly travel; congestion and bus priority.

5.3.6. The survey received 1799 responses from the public, with feedback being analysed and collated into a report on findings that will be used to inform revisions of the BSIP and the EP.

5.3.7. Some key findings from the survey include:

- The most common reasons non-bus users do not travel by bus were lengthy journey times (55%), infrequent services (51%), inconvenient routes (50%), and cost of travel (45%).
- Over half of respondents (54%) said they were not satisfied with their local bus service.
- Only 5% of respondents said local bus services had improved over the last 12 months, with 57% disagreeing with this statement.
- Over half (58%) of respondents disagreed that their bus arrives on time.
- 54% of respondents disagreed that services allowed them to travel where they needed to go and 59% disagreed that their local services were frequent enough to be convenient for travel.

5.3.8. The feedback suggests that there is broad dissatisfaction among passengers with the standard of bus service provision in West Yorkshire,

and the limited funding allocated to realising the ambitions of the BSIP means that this money alone is unlikely to be able to advance buses to the degree to which the people of West Yorkshire expect and deserve.

West Yorkshire Bus Behaviour Change survey

5.3.9. West Yorkshire Combined Authority is building a behaviour change programme to support more people to travel by public transport and realise the full benefits of the investments in the local bus and wider sustainable transport networks.

5.3.10. To support this, research was conducted in January 2023 to:

- Provide up to date information about attitudes and behaviours regarding using buses.
- Understand key barriers and motivations to bus travel.
- Identify potential behaviour change initiatives to encourage more people in West Yorkshire to travel by bus more frequently.

5.3.11. Some of the key conclusions explored barriers to bus use and suggested speed, reliability, frequency, safety and information are key concerns.

5.4. Bus market in West Yorkshire

Operator market in West Yorkshire

5.4.1. The bus market in West Yorkshire comprises of 26 bus operators, see Table 8 below. The market is dominated by three major commercial operators (Arriva, First and Transdev).

Table 8: List of existing bus operators in West Yorkshire

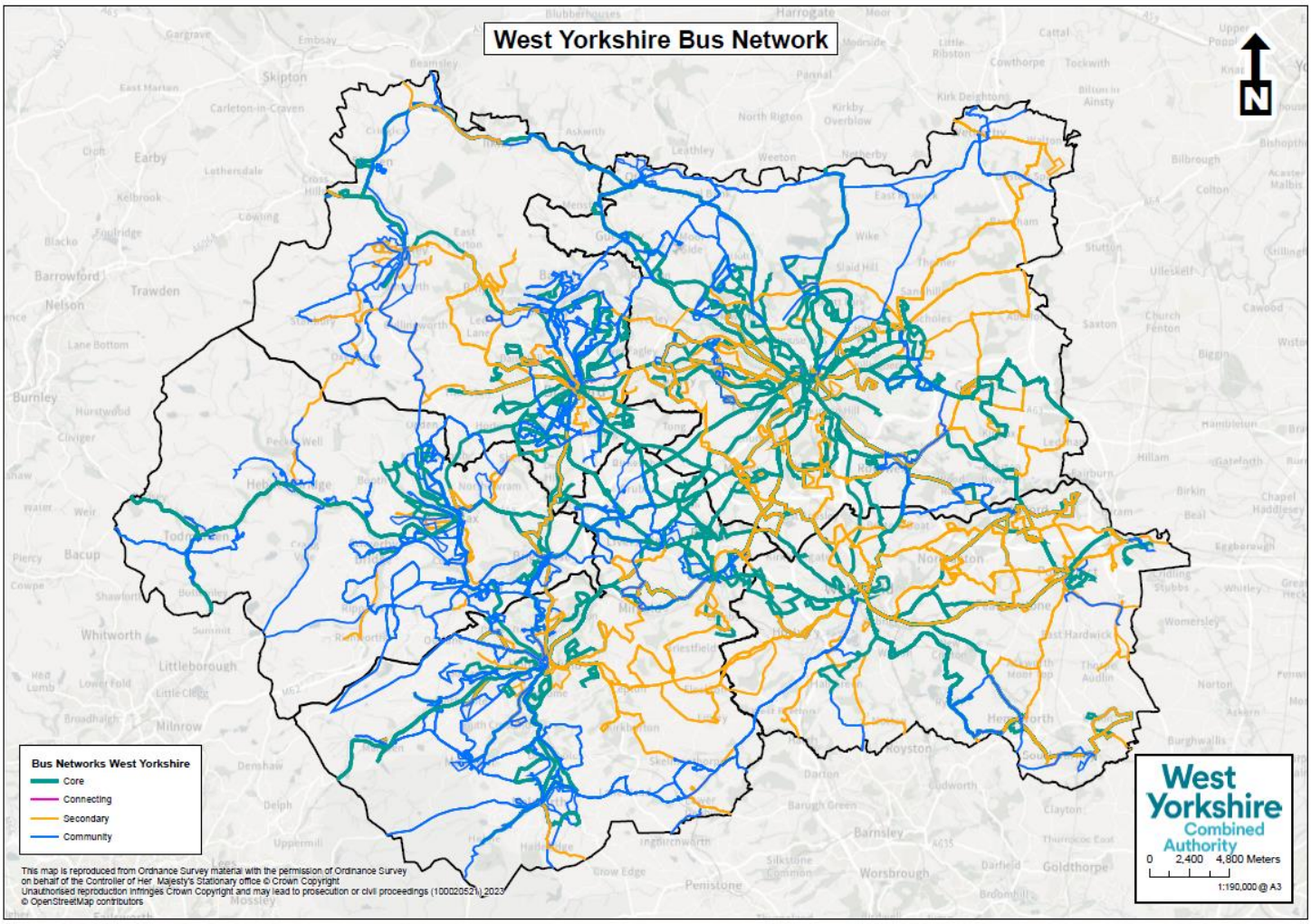
Bus Operators in West Yorkshire	
A Lyles & Son/Longstaff of Mirfield	South Pennine Community Transport CIC
Arriva Yorkshire	Square Peg Bus Ltd
Dales & Bowland CIC/ Dales Bus	Station Coaches
D K Travel	Stagecoach Yorkshire
E Stott & Sons	Stevenson's Travel Ltd
First West Yorkshire	Streamline

Globe Holidays Ltd	Stringers Pontefract Motorways
Harrogate Coach Travel /Connexions	Tetley Motor Services Ltd
Jacksons of Silsden	TLC Travel Ltd
J and B Travel	TM Travel
North Yorkshire County Council	Transdev - Keighley, Harrogate, Coastliner, Flyer
Ross Travel Ltd	Waterson's Coaches
Reliance Motor Services	York Pullman
	Yorkshire Buses

West Yorkshire Bus Network

5.4.2. A map showing the West Yorkshire region, alongside the existing regional bus network, can be seen in Figure 21 below.

Figure 21: Map of West Yorkshire Bus Network



5.4.3. The network is currently broken down into three tiers which reflect the frequency and commercial basis of the services provided. These categories are used across our Bus Service Improvement Plan (BSIP) and current Enhanced Partnership Plan. The definitions are:

- **Core Network** – services with a frequency of every 15 minutes or better, and primarily all operate on a commercial basis.
- **Strategic and Secondary Commercial Network** – services operating at less than 15-minute frequency.
- **Secondary Community Network** (Tendered) –less frequent services which are partially or wholly subsidised by the Combined Authority to maintain socially necessary connectivity.

5.4.4. Prior to the pandemic 85% of operated bus mileage was operated on a commercial basis[62]. The remaining 15% of bus miles (approximately 9.5 million miles per annum) were operated under contract to the Combined Authority, tendered services, with a net cost of £17.1 million (2018/19)[63].

5.4.5. The tendered services that the Combined Authority commissions comprise of uncommercial but socially necessary services and additional early morning, evening and weekend journeys on routes which otherwise operate on a commercial basis, when demand is higher.

Mileage

5.4.6. The graph below shows the decline in operated mileage across the West Yorkshire network between 2011 and 2023, showing network decline over time.

5.4.7. Figure 23 also shows the changes in mileage by district in West Yorkshire, demonstrating that Leeds has seen a significant decrease in mileage, however mileage started from a higher base. Other districts have seen a flatter decline in mileage but are those districts which rely on more supported services and have less bus mileage as a starting baseline.

[62] West Yorkshire Combined Authority, Bus Service Improvement Plan, 2022, bus-service-improvement-plan.pdf (westyorks-ca.gov.uk)

Figure 22: Mileage of West Yorkshire Network (CoSA)

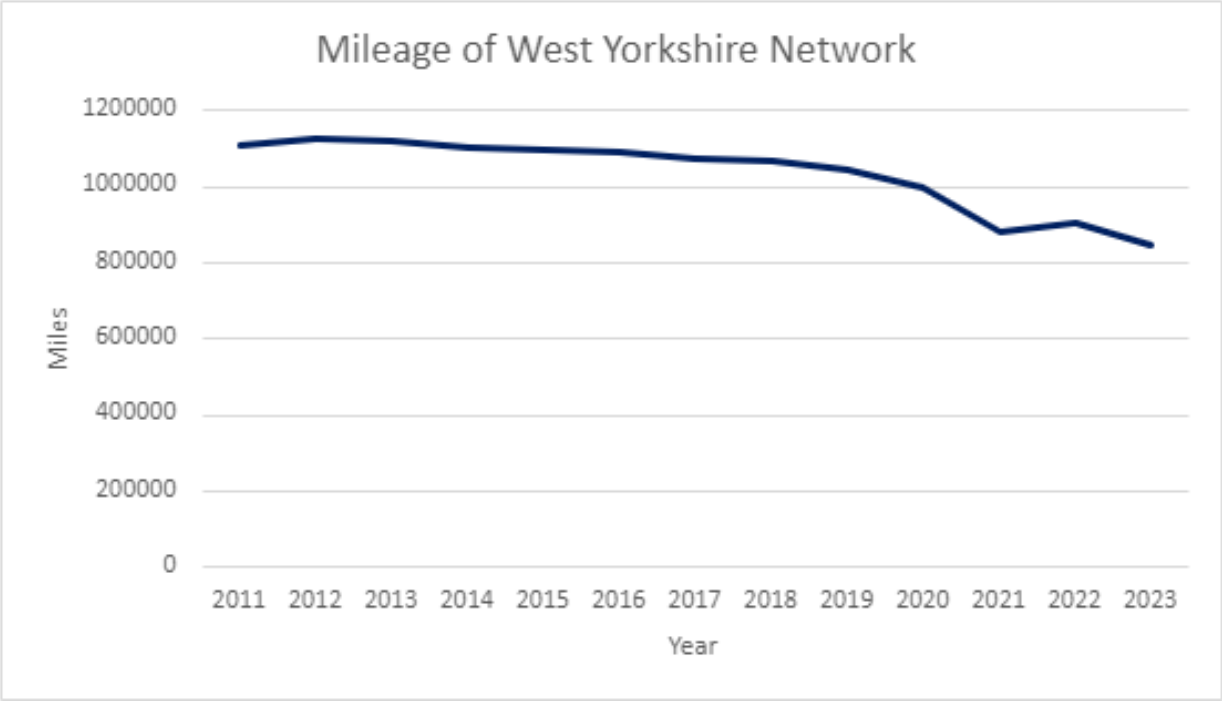
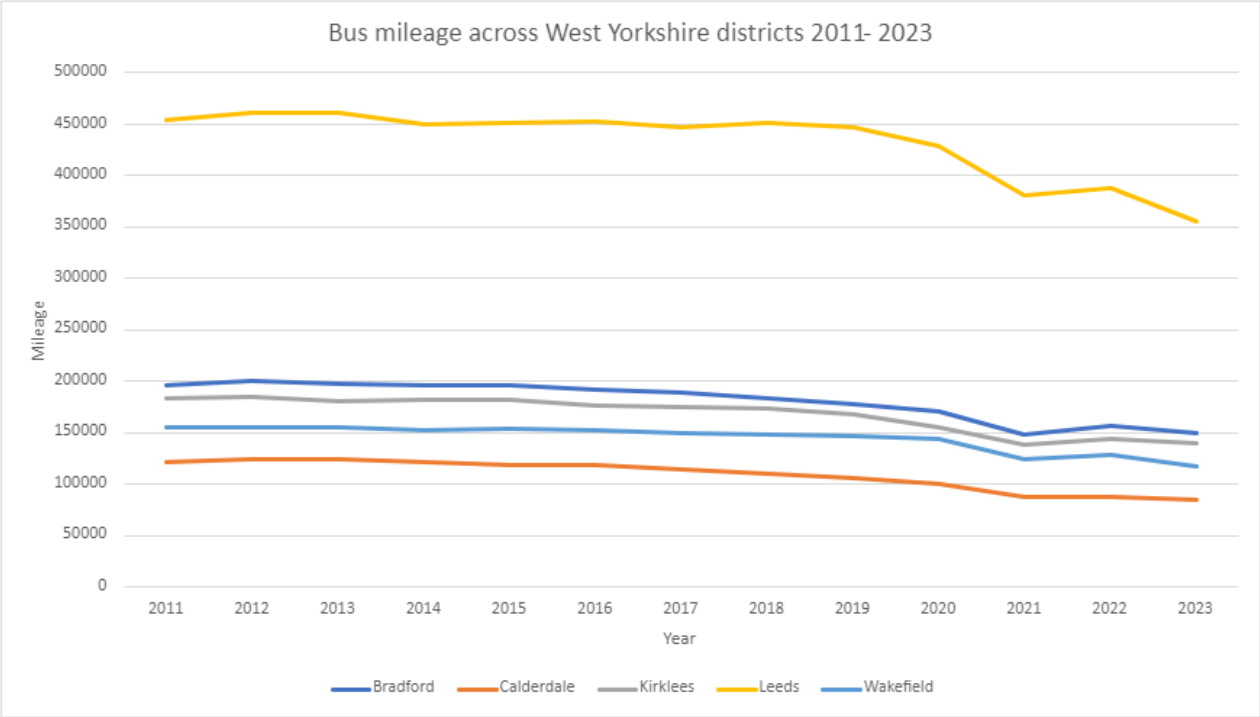


Figure 23: Mileage of West Yorkshire Network by West Yorkshire district (CoSA)



National funding of bus

5.4.8. Since the pandemic, there has been increasing reliance on public sector support due to the slow recovery of bus patronage and the impact of changing travel patterns. Pre-pandemic spending on tendered services was around £17.1million per annum (2018/19) rising to £24.4million (2020/21),

and since levelling out at £21.4million in 2021/22[64]. This is expected to remain an issue, with operators warning of potential service withdrawals due to commercial pressures caused by suppressed patronage (and therefore revenue) and rising operational costs.

5.4.9. Since April 2020, Government has issued Bus Recovery Grant (BRG), emergency funding to bus operators and Local Transport Authorities, and continued to pay Bus Services Operators Grant (BSOG) at pre-pandemic rates. It was requested that Local Transport Authorities (LTAs) continue to make concessionary fare and tendered service payments to operators at pre-pandemic rates.

5.4.10. On 19 August 2022, Government announced that BRG continue until end March 2023. The CA was awarded £2,029,088 for the period April to October, £1,014,544 for the October to December period. The DfT indicated that funding was available for January to March 2023 but prioritised to areas where there is greatest need.

5.4.11. The current Government BRG funding is in place until July 2023, with a further extension announced in May 2023, with the potential for longer-term investment until 2025.

5.4.12. Government investment, announced in May 2023, will continue to support network recovery through some form of support for fares, services and infrastructure across LTAs and bus operators. At time of writing, allocations and impact are unknown, giving not set assurances in regard to maintaining the current network and therefore not removing further pressure on service cuts by operators.

5.4.13. The Combined Authority has historically provided funding for tendered services that are socially necessary or routes to extend services that would otherwise not run due to not being commercial. Pressures on the bus market and pandemic impacts have forced the need to fund more routes from this budget as commercial operators have reviewed and withdrawn services.

5.4.14. The financial viability of the existing bus network creates potential risks and instability to the customer offering, with services already being impacted.

[64] See commercial case for more information of tendered budgets

5.4.15. More information on tendered services is included within section 3.43 of the commercial case.

Inflation and Cost of living crisis

5.4.16. In addition to the impact of the pandemic, the current high level of inflation and cost of living should be noted for context, impacting operator behaviour.

5.4.17. The high level of inflation is putting pressure on public funding and simultaneously increasing operational costs for operators.

5.4.18. As noted above, bus patronage in May 2023 was 84%[65] of pre-pandemic levels with a consequential effect on fare revenues. The cost of bus operations has been affected by wider economic impacts including rising fuel prices and increased labour costs due to workforce shortages.

5.4.19. A report to the July 2022[66] Combined Authority meeting revised the forecast expenditure and approved the transfer of £2.1m from the concessionary fare budget to accommodate increased spend arising from:

- Inflationary adjustment of contracts together with re procurement of contracts have resulted in increased costs of 8-10%.
- Commissioning several services in response to the withdrawal of commercial services.

5.4.20. A further virement of £992k from the concessionary fare budget was approved by the CA in September 2022 to meet the additional costs largely incurred due to the collapse of CT Plus and additional costs arising to provide home to school transport for the 2022/23 year.

5.4.21. Whilst the economic pressures continue, these pressures are containable for the remainder of the year (22/23) within the concessionary fares and tendered budgets, however beyond this the financial situation is unclear. This puts pressure on the tendered services budget going forward, with potential impacts on network, therefore running contrary to the aims of the BSIP.

5.4.22. Further information on inflation and the assumptions used within the wider Bus Reform Assessment can be found in section 4 of the financial case.

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[65] West Yorkshire Combined Authority Research & Intelligence Team "West Yorkshire Economic & Transport Insights Report", June 2023, PowerPoint Presentation (westyorks-ca.gov.uk)

[66] West Yorkshire Combined Authority, Bus Service Revenue Funding and Expenditure, 22 July 2022, Item 6 - Bus Funding.pdf (moderngov.co.uk)

Driver shortages

5.4.23. Wider labour market issues have resulted in a high number of staff leaving the bus industry than can be recruited in their place. This was a particular issue in 2021-2022 and caused some operators to temporarily reduce service frequencies whilst some services have been withdrawn.

5.4.24. The Combined Authority has supported efforts to encourage new entrants particularly women into the industry and to facilitate a training programme funded by the Adult Education Budget. Whilst there are signs that the workforce issues are beginning to stabilise, the service remains vulnerable.

5.4.25. The impact of driver and engineer shortages has increased issues with cancellations, impacting reliability. This issue has also resulted in an inability for the bus network to expand.

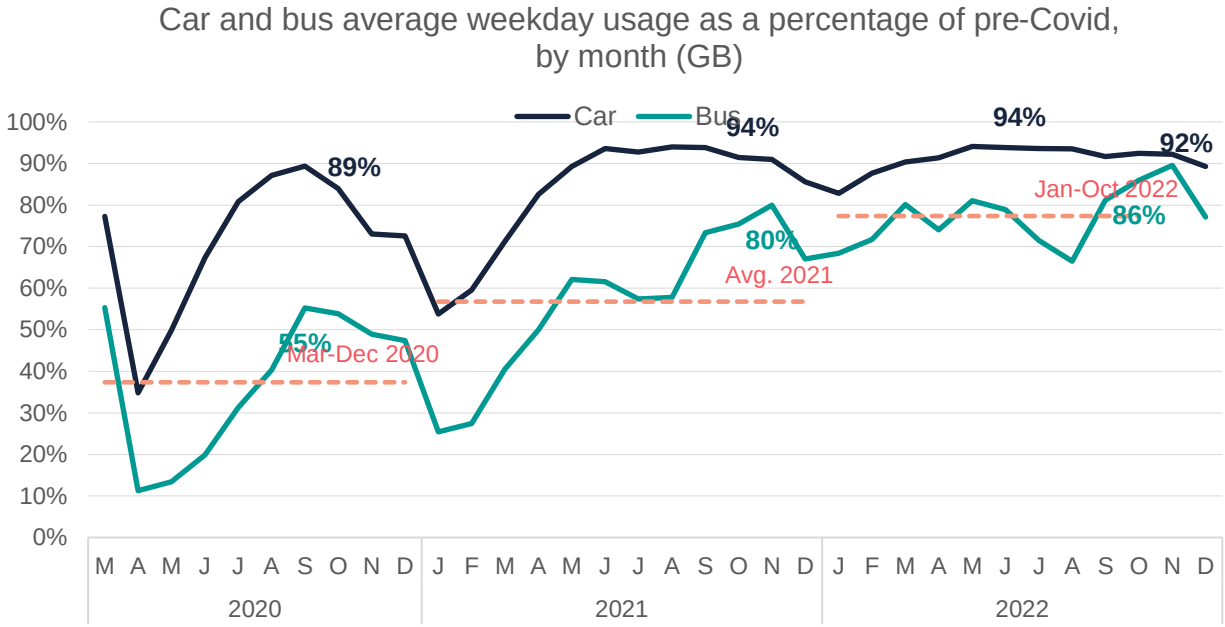
5.4.26. There is currently no ability to coordinate staffing over the variety of bus operators and bus services staff, with a lack of consistent customer facing training.

5.5. Covid-19 pandemic

5.5.1. Department for Transport data (see Figure 25 below) shows that during the first national lockdown, bus passenger numbers across the country fell to a low of approximately 10% of those before the pandemic, with an average of 37% across 2020. This compares to an average of 72% for car usage over the same time period. Average bus use rose in 2021 to 57% of pre-pandemic levels, peaking at 73% in December of 2021. This compares to average car use of 83% in in 2021. The data throughout 2020 and 2021 demonstrates that car initially saw a much stronger recovery than bus.

5.5.2. Nationally, during 2022, average bus usage rose again to 86% of pre-pandemic usage, rising to a high of 90% in November 2022, before declining in December 2022. Figure 24 below shows that private car usage continues to be trending above bus compared to pre-pandemic, but the gap is narrowing over time and as of December 2022 saw a bus average of 86% compared to a yearly average weekday usage of 91% for car.

Figure 24: Weekday bus and car usage GB, as a percentage of pre-Covid (monthly average)



5.5.3. Local data, from Mcard ticket machine data and Leeds rail station footfall, indicates that from the outset of the pandemic, public transport and car usage have followed similar trends to those observed nationally, with overall weekday bus patronage (which includes all passenger cohorts) in West Yorkshire sitting at 84%[67] of the pre pandemic baseline in March 2023.

5.5.4. Additionally, the West Yorkshire Annual Public Perceptions of Transport Survey (2022-23) indicates that some of the passengers who have returned to bus are reducing their bus use from that of a regular bus user to that of an occasional bus user.

5.5.5. Post pandemic there remains some uncertainty around the extent to which changes we have seen since the start of the pandemic will be permanent. The West Yorkshire Bus Behaviour Change survey indicated that covid had a mixed impact on bus use, with 67% of respondents indicating it made no difference to bus habits, whilst 15% use the bus a lot less or a little less now than before the pandemic[68].

[67] West Yorkshire Combined Authority Research & Intelligence Team "West Yorkshire Economic & Transport Insights Report", June 2023, PowerPoint Presentation (westyorks-ca.gov.uk)
[68] West Yorkshire Combined Authority, Bus Behaviour Change Primary Research Results, March 2023

5.5.6. Within West Yorkshire, signs may be beginning to suggest that the demand for public transport, particularly for commuting, could continue to be lower, as more people could opt for some form of hybrid working. More than half of hybrid workers, equivalent to around 1 in 6 of all workers report commuting between 20-60% of their working week (equivalent to 1 and 3 days a week for a full-time worker)[69].

5.5.7. Data from the West Yorkshire Economic and Transport Insights Report[70] have reported a much slower change for concessionary travel, with passenger demand for senior travel 66% of pre-covid demand, compared to a growth in the under 19's market seeing patronage of 106% when compared to pre-covid levels. Adult travel sits at 81% of pre-covid demand, reflecting wider economic and social trend in increased working from home and a decline in retail.

5.5.8. Indications from the West Yorkshire Annual Public Perceptions of Transport Survey (2022-23) suggest that while general travel activity has been increasing year-on-year, public transport usage is still below pre-pandemic. Frequency of mode use insights include:

- West Yorkshire residents travelling at least monthly has increased for car, taxi, train and walking relative to the previous year, but cycling reduced from 14% to 11%, and bus remained at 33%.
- Those using a bus at least monthly remains lower than the two years before the COVID-19 pandemic (33%) with 18% of West Yorkshire residents catching a bus at least weekly.
- Monthly train use has increased from 22% to 29% of residents, close to the 2018/19 proportion of 30% but lower than 2019/20 (35%), with 7% of West Yorkshire residents catching a train at least weekly.

[69] West Yorkshire Combined Authority Research & Intelligence Team "COVID-19 Transport Recovery Survey Wave 8", November 2022, COVID-19 Transport Survey Wave 1 (westyorks-ca.gov.uk)
[70] West Yorkshire Combined Authority Research & Intelligence Team "West Yorkshire Economic & Transport Insights Report", April 2023, PowerPoint Presentation (westyorks-ca.gov.uk)

5.6. Summary

5.6.1. This section has given an overview of the current bus market in terms of travel trends, patronage, operators and the current role of the Combined Authority.

5.6.2. It has explored the customer context of bus in West Yorkshire, showing that bus accounts for 6% of modal share and is the most commonly used form of public transport. This sits against the backdrop of falling customer patronage which has been greatly impacted by the pandemic and falling customer satisfaction demonstrated through customer engagement in the Mayor's Big Bus Chat.

5.6.3. The operator market has been set out, demonstrating a variety of challenges to the industry across network pressures, driver shortages, the impact of the pandemic and the cost of living crisis/inflation.

5.6.4. This section has demonstrated a struggling customer and operator base, showing a need to reform the governance mechanism in order to reverse these trends and achieve the ambitions for bus as set out in the West Yorkshire Transport Strategy 2040 and West Yorkshire BSIP.

6. Strategic Context (drivers for change)

6.1. Introduction

6.1.1. The previous sections have outlined the policy context and current state of play in the market. This section will take this context and compare these to the strategic drivers and the role of the bus in the Bus Service Improvement Plan.

6.1.2. This section presents the drivers for change in relation to West Yorkshire Bus Reform. The section is presented against the BSIP delivery areas considering the current context and drivers for change.

6.1.3. Each BSIP delivery area presents the current context before looking at the customer and market challenges context, which was outlined in section 5 above, demonstrating that there are differing challenges across the customer base and wider bus market.

6.2. West Yorkshire Combined Authority's vision for bus and progress so far

6.2.1. As detailed in Section 3 above, the Combined Authority held a Mayoral election in May 2021 and Tracy Brabin was elected with a pledge to "bring buses back into public control, introduce simpler fares, contactless ticketing and greener buses".

6.2.2. The pledge demonstrates the political ambition for longer-term bus reform within West Yorkshire, showing the aspiration to provide a better bus service for the travelling public.

6.2.3. The Combined Authority's priorities and vision for bus support this pledge and are set out in the West Yorkshire Bus Service Improvement Plan (BSIP) and is currently supported by an Enhanced Partnership with bus operators, that was entered into in April 2022.

6.2.4. The BSIP has a focus of growing bus patronage and enhancing bus services through improved connectivity, whilst also striving for gains in environmental performance of the bus fleet which is currently not being met.

6.2.5. Our Plan on a Page for BSIP can be seen in the figure on the following page, detailing interventions that will help achieve our vision.

6.2.6. As outlined in the Policy Context section above, the Combined Authority has published a bus reform roadmap. This was supported by approval of a Notice for Intent to develop an Enhanced Partnership and a Notice of Intent to undertake an assessment for franchising at the Combined Authority meeting on 24th June 2021.

6.2.7. This section will build on our ambitions for transformational change as outlined in our BSIP to understand the drivers behind the need for this assessment.

6.2.8. The rest of this section is outlined against the BSIP delivery areas (see table 9 below).

6.2.9. These delivery areas take account the key themes, vision and objectives of the BSIP, and take into account the challenges facing the bus current bus system in West Yorkshire and will be used throughout this document to understand how bus reform delivers against our organisational vision for bus in West Yorkshire.

6.2.10. The delivery areas, taken from BSIP, have simplified headings against the in the table below alongside the customer and market challenges discussed in the following sections.

Figure 25: BSIP Plan on a page

Our plan on a page for better buses

Subject to funding, our plan will deliver improvements now and into the future as we work towards our ambitions for better buses.

Quick wins (2022)

- ✓ Maintenance of existing network connectivity and early service enhancements
- ✓ Expansion of MCard mobile app to link ticket sales, journey planning and in-journey information
- ✓ Reintroduction of printed timetable information at bus stop
- ✓ Rollout of new colour coded bus stop maps and flags across West Yorkshire's core bus network (Network Navigation)
- ✓ Continue to ensure enhanced cleaning standards are maintained
- ✓ Enhanced Safer Travel Partnership with West Yorkshire Police
- ✓ Trial 90-minute multi journey mobile tickets
- ✓ Consult and agree on the Passenger Charter
- ✓ More marketing and promotional campaigns to attract people back to bus
- ✓ Develop techniques to better understand demographics and travel behaviours of the regions bus passengers

Short term (2022-2024)

- ✓ Introduction of multi-operator contactless capping
- ✓ Cheaper and simpler multi-operator fares including reduction in the cost of the MCard Day Saver / daily cap
- ✓ More 'Your Next Bus' screens
- ✓ A more cohesively presented bus network including more Metro branding
- ✓ New and improved bus stops and stations – with better safety and accessibility support
- ✓ Begin rollout of audio-visual technology and other new accessible information.
- ✓ Improvements to management of network disruptions
- ✓ New AccessBus fleet
- ✓ Improved system for dealing with passenger queries and complaints
- ✓ Growth of the bus network – new routes and more frequent services
- ✓ Pilot town based 'Superbus' service enhancements
- ✓ Delivery of existing infrastructure programmes – including more bus priority on our roads
- ✓ Improved customer service standards – delivery of the Passenger Charter

Medium to longer term (2024+)

- ✓ A reimagined, fully inclusive, and more cohesive bus network with more frequent services and better connectivity for all
- ✓ Cheaper and simpler fare structure
- ✓ Audio visual information on all buses
- ✓ Over 120 new electric buses by 2024, and a carbon zero bus fleet by 2036
- ✓ All buses Euro VI clean air zone compliant by 2026
- ✓ Stable, inclusive and resilient workforce
- ✓ Better integration with rail and mass transit
- ✓ More Park and Ride
- ✓ More 'FlexiBus' Demand Response Transport schemes
- ✓ New Mobility Hubs across West Yorkshire
- ✓ Unifed communications and marketing into a single 'voice' for bus
- ✓ Delivery of an ongoing pipeline of bus priority schemes

Table 9: BSIP policy delivery areas

Delivery area	Thematic heading	Customer challenges	Market challenges
A radically enhanced, fully inclusive and more cohesive bus and public transport network – which takes people where they need to go, when they need to go, and caters for the complexity of modern travel patterns.	Network	Customer network requirements Customer network access Addressing customer needs	Financial Sustainability Government funding Risk to services
Clear and simple fares– to make paying for bus travel more affordable, easier, convenient and flexible	Fares and ticketing	Affordability and increasing fares Cost of living	Decreasing fare revenue Commercially driven fares
Improved, more inclusive customer service and support – so all passengers have the right tools to travel with confidence and help they need if their journey does not go to plan	Customer service and support	Customer satisfaction Accessibility Safety and Inclusivity	
Priority for buses on our road – so journeys by bus are quicker, with less time spent stuck in traffic, and are a viable alternative to the private car.	Bus priority	Customer satisfaction Congestion	Bus priority policy and design
More green and better vehicles – to improve the onboard experience and make bus the sustainable choice for travel in West Yorkshire.	Green and better vehicles	Zero emission buses and modal shift Consistent customer standard Integration	Zero emission fleet Investment opportunities and operator market

6.3. Network

Current provision

6.3.1. West Yorkshire is a large region with multiple different urban centres, as well as many towns and villages. Our bus network needs to connect these different communities – particularly areas of high deprivation and rural areas – to ensure the people living in them have fair access to employment, education and leisure opportunities that our region has to offer.

6.3.2. As covered is Section 4, the current network is broken down into three tiers through our BSIP Network Vision (core, strategic and secondary, and secondary community) which reflect the frequency and commercial basis of the services provided.

6.3.3. The routes and frequencies within the core network are largely commercially set, with the Combined Authority contracting tendered, supporting services to extend operation or operate non-commercial routes.

6.3.4. The current bus network largely responds to the traditional urban commuter, serving key radial corridors into larger urban centres effectively, whilst the less profitable connecting routes are not priorities for operators.

6.3.5. The bus is currently the most widely used form of public transport in West Yorkshire, accounting for 6% of modal share across the Region. This is despite the wider context surrounding bus patronage showing a trend of long-term decline. Covid had a significant impact on bus patronage, which has still not fully recovered to pre-pandemic levels, with evidence suggesting that travel patterns may have permanently changed. Promoting bus use is a key commitment within the West Yorkshire Transport Strategy 2040, Bus Service Improvement Plan and Connectivity Infrastructure Plan for means of getting people to work and leisure opportunities across the Region and for promoting inclusive growth.

The challenge: network and the customer

6.3.6. **Customer network requirements**: Evidence from passengers, in the 2022 Mayor's big bus chat[71][72], showed that lengthy journey times, infrequent services and inconvenient routes were some of the most common reasons non-bus users do not travel by bus (55%, 51% and 50% respectively). This reflects wider evidence from our Annual Public Perceptions of Transport Survey and Bus Behaviour Change survey[73] which shows these to be consistent themes for customer dissatisfaction. This demonstrates that from a customer perspective the bus service is currently not delivering the level of service required. **Customer bus network access**: Access to the bus network is unequal across the region. Analysis undertaken in 2021 showed that whilst 97% of addresses within the region are within 400m of a bus stop, this falls to only 67% when mapped against our 'core' network of high frequency services. Access also varies greatly when broken down by district area – for example 79% of addresses in Leeds are within 400m of a bus stop on the core network compared to 60% in Kirklees. The West Yorkshire Behaviour Change survey (March 2023) demonstrated that frequency of bus use appears to be connected with the distance to the nearest bus stop with 87% of existing bus users surveyed living within 5 minutes of a bus stop[74].

6.3.7. **Addressing customer needs:** The network also has to better serve and connect areas of high deprivation in order to support our ambitions for inclusive growth across the region. Analysis demonstrates that many areas that are not served by the core network, high frequency network, are areas in the most deprived 20% according to IMD, especially when further away from major conurbations.

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[71] West Yorkshire Combined Authority, The Mayor's Big Bus Chat – Wider Engagement Report, March 2023, f957123a2f75953bdc892e8f020a9c8a_The_Mayor's_big_bus_chat_wider_engagement_report_-_Final.pdf (amazonaws.com)

[72] West Yorkshire Combined Authority, Bus Behaviour Change Primary Research Results, March 2023

[73] West Yorkshire Combined Authority, Bus Behaviour Change Primary Research Results, March 2023

[74] West Yorkshire Combined Authority, Bus Behaviour Change Primary Research Results, March 2023

6.3.8. There is a strong case for bus in providing region wide connectivity, particularly to those most disadvantaged areas and those without a car or rail transport. The current bus network is based on commercial radial routes serving key urban centres but falls short of our connectivity vision for bus.

The challenge: network and the market

6.3.9. **Financial sustainability**: The network is currently not financially sustainable with the decline and slow recovery of bus patronage creating a reliance on emergency funding. Within West Yorkshire, analysis showed that should funding have been withdrawn in October 2022, 11% of the bus network would not be financially viable affecting up to 62 routes in West Yorkshire[75]. This demonstrates an ongoing risk to the bus network if funding is withdrawn, or until a significant uplift in passenger revenues is experienced.

6.3.10. The current Government funding is in place until July 2023, which may again raise the risk of service withdrawals or reductions if the commercial situation remains the same. Bus service provision is key to economic recovery and the lack of any longer-term funding commitment from the government means that the reliability of future bus service provision remains volatile and unclear.

6.3.11. **Risk to services:** The long-term financial stability and viability of the existing bus market is under threat with the commerciality of existing routes being regularly reviewed by operators. This has resulted in an increase in at risk services and financial contributions from Government and the Combined Authority's tendered budget to both aid post-covid recovery and support the existing bus network.

[75] West Yorkshire Combined Authority Transport Committee, "Item 8 – Bus Network Sustainability", 1 July 2022 Item 8 - Bus Network Sustainability.pdf (moderngov.co.uk)

6.4. Fares and ticketing

Current provision

6.4.1. There is currently a complex ticketing offer with a wide variety of ticket options available across multiple operators, making it difficult for customers to identify the best value options to them[76].

6.4.2. The cost of bus travel rose by 87.13% over the past 10 years to mid-2022[77], with motoring only rising 37.15% in the same time frame. The rising cost of bus travel may therefore may have become a barrier to bus use for some, with our Annual Public Perceptions of Transport Survey (2019-20) indicating that pre-pandemic, one in six respondents cited cost as the reason they do not use buses more often[78].

6.4.3. The Bus Behaviour Change survey indicates that 13% of respondents felt the bus was too expensive when all the family travel together, suggesting value for money of tickets is a barrier to bus travel for groups travelling together[79].

6.4.4. The introduction of Mayor's Fares in September 2022, capping single journeys at £2 and a day ticket at £4.50 may have helped simplify this, but a similar journey price guarantee is not offered across weekly, monthly or annual tickets. This is reflected in the latest Annual Public Perceptions of Transport Survey (2022-23) which indicates a 7% increase in satisfaction with ease of ticket purchasing since 2019-20[80].

6.4.5. Positively, the national fare cap (locally known as Mayor's Fares) in September 2022 reflects improved affordability of bus and coach fares in national data showing the increase in fares has declined to 56.8% in early 2023 (compared to 86.13% in mid-2022)[81].

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[76] West Yorkshire Annual Yorkshire Residents Perception of Transport Survey 2022-23
[77] Cost of Transport Index Cost of motoring against costs of public transport (racfoundation.org)
[78] West Yorkshire Annual Public Residents Perception of Transport Survey, April 2019, Neil Rogers Report Customer Perceptions of Transport Survey 2019-03-15 (westyorks-ca.gov.uk)
[79] West Yorkshire Combined Authority, Bus Behaviour Change Primary Research Results, March 2023
[80] Annual Public Perception of Transport Survey 2022-23
[81] Cost of Transport Index Cost of motoring against costs of public transport (racfoundation.org)

6.4.6. The Mayor's Fares initiative looked to target a reduced cost of travel for those who already travel by bus and to encourage more people to travel by bus, plus simplifying fares and ticketing. After 3 months, customers had completed 7.2 million journeys and have saved a total of £3.6 million compared to what they would have paid without the initiative[82].

The challenge: fares and ticketing and the customer

6.4.7. **Customer satisfaction:** Delivering a good customer service that passengers are confident to use is central to our BSIP. Customer satisfaction has fluctuated over the previous few years, with affordability and Value for Money of bus services being flagged as a key issue in our Annual Public Perceptions of Transport Survey[83]. Customer satisfaction needs to be greatly improved, with over half of respondents (54%) in the Mayor's Big Bus Chat not satisfied with their local bus service[84].Appendix 1.1 describes in detail the trend around customer satisfaction across bus user experience.

6.4.8. **Affordability and increasing fares:** Our Customers Perceptions of Transport Survey indicates that pre-pandemic, one in six respondents cited cost as the reason they do not use buses more often[85]. In our most recent perception survey, the affordability of public transport was ranked as highly important, with satisfaction ranked relatively low. The most recent West Yorkshire Annual Public Perceptions of Transport Survey found that residents ranked the importance of the affordability of public transport as 8.2, with a mean average rating for satisfaction of 6.2; a return to pre-pandemic levels[86]. This suggests that affordability of bus fares is very important to customers and that, currently, customers are not satisfied with value for money.

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[82] West Yorkshire Combined Authority, Mayor's Fares Sees 7.2m bus passenger in its first three months, Mayor's Fares sees 7.2m bus passengers in its first three months - West Yorkshire Combined Authority (westyorks-ca.gov.uk)
[83] Annual Public Perception of Transport Survey 2022-23
[84] West Yorkshire Combined Authority, The Mayor's Big Bus Chat – Wider Engagement Report, March 2023, f957123a2f75953bdc892e8f020a9c8a_The_Mayor's_big_bus_chat_wider_engagement_report_-_Final.pdf (amazonaws.com)
[85] AECOM "West Yorkshire Residents Perception of Transport Survey", April 2019, West Yorkshire Annual Public of Perceptions Survey 2018-2019
[86] Annual Public Perception of Transport Survey 2022-23

6.4.9. Passengers have been impacted by significant increases in bus fares over recent years. Research by Urban Transport Group shows that the increase in fares seen nationally in recent years is also greater than the rise in general living costs and the costs of car ownership and use[87].

6.4.10. **Cost of living crisis:** This, combined with the recent cost of living crisis, means bus travel is currently too expensive and unaffordable for many. Our own passenger research suggests that passengers may be less inclined to travel for leisure reasons due to the impact of the cost of living crisis[88]. However, the cost-of-living crisis could also lead to a modal shift to public transport. According to research by First Bus, 41% of UK adults are planning to use the bus more frequently in a bid to save money as households feel the effects of the cost of living crisis[89]. The research found that the cities whose bus services are most expected to see this heightened demand are London, Glasgow, Leeds and Liverpool.

The challenge: fares and ticketing and the market

6.4.11. **Decreasing fare revenue:** A squeeze on disposable incomes may lead to a squeeze on discretionary travel, constraining the leisure market that has been seen as public transport's best hope for growth. The Combined Authority's April 2023 Covid-19 Transport Recovery Survey shows that 20% of people are looking to travel less for socializing or leisure[90], however 14% of respondents indicated that they will use the bus more often as a result of the cost of living crisis[91].

6.4.12. **Fares are commercially set:** the cost of travel beyond the capped Mayor's Fares is largely commercially set and is impacted by external factors. With current inflation and cost increases across the bus industry for parts, labour and fuel, there is a risk that there will be further fares increases in order to maintain commercial profits.

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[87] Urban Transport Group "What scope for boosting bus use? An analysis of the intrinsic bus potential of local authority areas in England", 2019.
[88] West Yorkshire Combined Authority Research & Intelligence Team "COVID-19 Transport Recovery Survey Wave 8", November 2022, COVID-19 Transport Survey Wave 1 (westyorks-ca.gov.uk)
[89] First Bus, 2022, First Bus UK News
[90]West Yorkshire Combined Authority Research & Intelligence Team "COVID-19 Transport Recovery Survey Wave 8", November 2022, COVID-19 Transport Survey Wave 1 (westyorks-ca.gov.uk)
[91]Ibid

6.5. Customer service and support

Current provision

6.5.1. Currently customer service and support is fragmented across a variety of organisations and channels, including operator websites and apps, Metro websites, MCard app and a variety of journey planners. In addition, there are several channels through which a customer can make a complaint.

6.5.2. Staff training is not consistent across all organisations, with this differing between operators and the Combined Authority providing both front line and back-office support.

6.5.3. This makes a consistent customer offer difficult in managing, albeit progress through the publication of a Customer Charter[92] which has set out a pledge to "provide the best possible bus services in West Yorkshire" around customer expectations.

The challenge: customer service and support and the customer

6.5.4. **Customer satisfaction:** Customer satisfaction levels have varied over recent years but collectively show a significant proportion of passengers are less than satisfied with local buses across a range of different service areas. Whilst *Buses in West Yorkshire* (Appendix 1.1) demonstrates many of these relate to journey aspects, it should be recognised that there is currently a lack of coordinated customer service with multiple channels offered across operators and Metro.

6.5.5. Satisfaction with the information available at bus stops and stations - including printed timetable posters and electronic displays - has fluctuated over recent years but overall decreased from a high of 7.9/10 in 2015/16 to a low of 7.3/10 in 2019/20.

6.5.6. The bus stop and station environment play an important role in the overall passenger experience. However, in West Yorkshire, passenger surveys show a decreasing satisfaction with the quality of local bus stations (7.1/10 in 2018/19 to 6.5 in 2022/23).

[92] West Yorkshire Bus Alliance, 2023, West Yorkshire Bus Passenger Charter (wymetro.com)

6.5.7. **Accessibility**: Our Equality and Diversity Policy recognises the importance in being a Leader recognised nationally for our focus and commitment to EDI. This is reflected in our BSIP ensuring that services are fair with the ability to be accessed equally.

6.5.8. In West Yorkshire more than one in five working age residents are disabled or have a work-limiting disability, and this figure is significantly higher in people over state pension age. An improved local bus system will require consistent and high-quality accessibility support at every stage of a bus journey.

6.5.9. **Safety and inclusivity:** Our latest Residents Perception of Transport Survey shows that 84% of respondents are very confident or fairly confident about personal safety using a bus during the day, but this falls to 49% after dark. There is also a stark gender difference in confidence with travel during the dark with only 36% of females on bus feeling confident compared to 65% of males[93]. This highlights safety of women and girls as a key concern of bus passengers. Other groups with low levels of confidence in personal safety using the bus during the dark were those aged over 65 years of age (41% felt confident), people who use the bus less than once a year (36% felt confident) and people who reported a long-term health problem or were disabled (29% felt confident).

6.5.10. In addition, safety was flagged by 21% of respondents in the Bus Behaviour Change survey indicating that respondents did not feel safe waiting at a bus stop[94].

6.5.11. Evidence shows certain groups, particularly women and girls as well as people of other protected characteristics, are more likely to feel nervous or unsafe while travelling on bus. This is in large part because of and compounded by wider, complex societal issues, but improvements to the local bus system can and should still play a role in overcoming these problems and supporting an increase to everyone's actual and perceived safety within the West Yorkshire region.

[93] Annual Public Perceptions Survey 2022-23
[94] West Yorkshire Combined Authority, Bus Behaviour Change Primary Research Results, March 2023

6.6. Bus priority

Current provision

6.6.1. Bus priority is planned through capital infrastructure schemes and other measures including signal priority. Schemes are primarily led by district councils or the Combined Authority and funded through allocations from government.

6.6.2. Bus priority has strong links back to the network, and best use of interventions is not necessarily guaranteed through a commercial network.

6.6.3. Across West Yorkshire, there is variability in the standard and design of bus priority measures and enforcement, leading to a lack of consistency in the quality of the bus offer and the offer to operators on journey times. The lack of consistent approach to bus priority leads to differences in bus reliability and punctuality across districts.

6.6.4. There is also a lack of consistent highway policy across West Yorkshire, resulting in patchy bus priority measures and differing parking measures and enforcements.

The challenge: bus priority and the customer

6.6.5. **Customer satisfaction of punctuality and reliability**: Poor punctuality and reliability of services across the region is key challenge facing the local bus system and impacts on customer satisfaction. Our analysis of local real time information confirms that buses across the region have consistently underperformed against targets[95]. Traffic congestion is a significant factor in bus reliability, together with operational resilience.

6.6.6. The punctuality and reliability of services is of great importance to customers across the region. *Buses in West Yorkshire – Evidence for Reform* (Appendix 1.1) shows poor punctuality and reliability is a key challenge facing the local bus system and impacts on customer satisfaction. Combined Authority analysis of local real time information confirms that buses across the region have consistently underperformed against targets with the most recent 12 month mean (Feb 22-Feb23) showing that 87% of

[95] Appendix 1.1 Buses in West Yorkshire

buses are on time in line with the Traffic Commissioner measure of -1, +5 minutes (average as % of observed) across West Yorkshire, compared to the target of 95%[96].

6.6.7. Further information, including annual punctuality measures from 2013/14 to 2021/22 for West Yorkshire, and monthly for the year 2021/22, based on real-time information data are included in Appendix 1.1 – Buses in West Yorkshire along with evidence demonstrating these issues are a barrier to bus use in the West Yorkshire Bus Behaviour Change survey.

6.6.8. **Congestion:** The importance of congestion to customers is clear in the Residents Perceptions of Transport Survey which ranks it with an importance score on 7.9 (out of 10), with satisfaction of levels of congestion only ranking 5.2 (out of 10). Congestion can delay and slow bus journeys, which in turn impacts on satisfaction scores for punctuality and reliability which are relatively low.

6.6.9. All these issues lead to issues such as congestion being ranked as a highly importance, but poorly performing in our Annual public Perceptions of Transport Survey, making improvements a priority for bus users and those that currently don't use the bus due to this issue. This is further supported by the 2019 Transport Focus Bus User Survey, which showed that 19% of West Yorkshire respondents were dissatisfied with punctuality, with 15% dissatisfied with their wait time[97].

The challenge: bus priority and the market

6.6.10. **Bus priority policy and design**: Across West Yorkshire districts there is variability in the standard and design of bus priority measures and enforcement. This leads to variability in the quality of the bus offer and the offer to operators on journey times. The lack of consistent approach to bus priority leads to differences in bus reliability and punctuality across districts.

6.6.11. A lack of consistent highway policy across West Yorkshire has resulted in patchy bus priority measures and differing parking measures and

[96] Appendix 1.1 Buses in West Yorkshire
[97] Transport Focus, Bus Passenger Survey, Autumn 2019, Bus-passenger-survey-autumn-2019-main-report.pdf (d3cez36w5wymxj.cloudfront.net)

enforcements. There needs to be better understanding of demand management, enforcement and parking measures across the region to develop a consistent approach towards easing congestion and making bus services more attractive.

6.6.12. The importance of bus priority is recognised in existing policy in West Yorkshire. A key headline target of West Yorkshire's BSIP is to increase in bus priority measures, with a pipeline of over 50 initial bus priority infrastructure projects developed alongside a package of enforcement measures to improve the effectiveness of existing bus priority.

6.6.13. Whilst it is recognised that bus priority schemes are vital to enabling improved journey times, punctuality and reliability, the challenge to achieving these targets is ensuring that the Combined Authority to has sufficient funding in place to deliver against targets alongside other priorities.

6.6.14. Prioritising measures to support speed, punctuality, and reliability of buses would encourage the uptake of buses and position bus as a real competitor to car. This is of particular benefit for many areas across the region where residents do not have access to private vehicles.

6.7. Green and better vehicles

Current provision

6.7.1. As of May 2023, 2% of buses operating in West Yorkshire are zero emission, with 4% of vehicles being hybrid. The buses included within the Zero Emission Buses Regional Area bid will increase the proportion across the region to between 14 – 19%. Therefore, achieving current ambitions for a 100% zero-emission bus fleet presents a significant challenge.

6.7.2. Transport emits the most carbon of any key sector of the economy in West Yorkshire, with more than 90% of transport emissions coming from cars and vans. Supporting a switch from private car use to bus use is part of the solution to this challenge if buses can be decently loaded and run on low emission technologies.

6.7.3. Funding for green and better vehicles is largely supported by funding bids from the Combined Authority to central government, enabling the introduction of 136 buses plus associated infrastructure, through the ZEBRA programme.

The challenge: green and better vehicles and the customer

6.7.4. **Zero emission buses and modal shift:** In 2019 the West Yorkshire Combined Authority declared a climate emergency. As part of our response to this, we committed to becoming a net-zero carbon economy by 2038 with significant progress by 2030. Improving the bus customer offer through investment in vehicles to be better and cleaner will contribute towards this, alongside the need to make bus as competitive as possible to achieve modal shift away from the private car.

6.7.5. **Consistent customer standard:** Beyond the obvious environmental benefits, the new vehicles that will be required to achieve this will also play an important role in enabling the high standard of onboard facilities and accessibility support that we want to see across the fleet.

6.7.6. **Integration:** Buses must also be better integrated as part of a multimodal public transport offer so that alongside rail travel, cycling and walking passengers are able to make sustainable journeys from door to door.

The challenge: green and better vehicles and the market

6.7.7. **Zero emission fleet**: The West Yorkshire Transport Strategy 2040 includes policies around reduce emissions from transport, supporting the implementation of Clean Air Zones and providing a comprehensive EV network to support a zero-emission bus fleet. This is in recognition that currently transport emits the most carbon of any key sector in West Yorkshire, with more than 90% of transport emissions coming from cars and vans. Enabling modal shift and more journeys by bus will be integral to reducing emissions associated with private car travel, with bus needing to provide a reliable alternative to lower carbon transport.

6.7.8. If the ambition set out in the West Yorkshire Bus Alliance of a zero-emission fleet is to be achieved there is still a considerable amount of work to be

done. It is also important that, moving forward, investment in zero emission buses is more uniform across West Yorkshire, spreading the benefit of newer, less polluting vehicles and helping us to achieve our ambition as set out in our BSIP and Climate and Environment Plan.

6.7.9. **Investment opportunities and operator market:** Opportunities such as the Zero Emission Bus Regional Area (ZEBRA) funding have allowed West Yorkshire bus companies to invest, and spread the benefit more widely, of zero emission buses. However, investments in green buses have largely been constrained to opportunities that grant operators additional funding to invest in zero emission buses. This has resulted in grant funding driving current investment behaviours from bus operators, rather than a greater need to respond to wider climate issues by the industry.

6.7.10. Whilst newer buses may improve onboard facilities, it may not directly increase customer usage of buses. In addition, the financial benefits of zero emission buses are realised in the longer term making the investment more difficult to justify in a relatively newly established market.

6.7.11. The commercial market has struggled to fully take the opportunity of zero emission buses, and investments have resulted in the uneven spread of electric buses across West Yorkshire. Reform of the bus market could offer opportunities in the deployment of zero emission vehicles and ease the role out of technology across the region whilst also allowing for greater interoperability through procuring a consistent bus fleet.

6.8. Neighbouring authorities

6.8.1. Franchising guidance requires authorities to consider who the proposed scheme would contribute to neighbouring local authorities transport and other policies affecting local services.

6.8.2. Sub-section 3.6 sets out the policy context for neighbouring LTAs outlining key objectives across transport, environmental and economic policies and strategies.

6.8.3. Alignment with these policies and strategies is further considered in 10.6 where the options are assessed against the objectives of neighbouring LTA policies and strategies.

6.9. Summary

6.9.1. This section has set out the challenges for bus in West Yorkshire aligned to the BSIP delivery areas. It has explored each delivery area in turn, realising the current provision and rationale for change, using evidence from *Buses in West Yorkshire* (Appendix 1.1) to demonstrate this.

6.9.2. The Network challenge is explored through:

- Customer challenges – demonstrating that there is dissatisfaction in the current bus network, varying standards in accessibility and does not fully address customer needs to tackle issues of inclusive growth.
- Market challenges – the network is reliant on commercial route and frequency setting, profitability and commercial viability which leads to issues of financial sustainability, reliance on Government funding and risking services.

6.9.3. The Fares and Ticketing challenge is explored through:

- Customer challenges – affordability and complexity of existing offer exacerbated by increasing fares (faster than that of cost of motoring) and the cost of living crisis.
- Market challenges – commercial viability and competition leading to commercially set fares, alongside issues with decreasing fare revenue in line with long term customer patronage declines.

6.9.4. The Customer Service and Information challenge is explored through:

- Customer challenges – lack of consistent offer affecting customer satisfaction, accessibility of services and customer confidence in safety and inclusivity.

6.9.5. The Bus Priority challenge is explored through:

- Customer challenges – satisfaction in punctuality and reliability and congestion which makes the bus an unattractive way to travel for customers.
- Market challenges – lack of consistent highway standards and variability of bus priority design.

6.9.6. The Green and Better Vehicles challenge is explored through:

- Customer challenges – lack of consistent customer offer across West Yorkshire in provision of zero emission buses and need for better integration to ensure modal shift away from the private car.
- Market challenges – zero emission fleet ambitions, with investment dependent on commercial decisions, funding bids and operator market.

6.9.7. All five BSIP delivery areas are therefore central to improving bus across West Yorkshire and help frame the strategic case in the challenges that bus reform is required to address.

7. Enhanced Partnership

7.1. Introduction

7.1.1. This section looks to introduce the current governance structure for buses in West Yorkshire, including detailing the Enhanced Partnership that the Combined Authority made with operators in April 2022. It details the background to partnership working and introduces some of the strengths and weaknesses of this approach thus far.

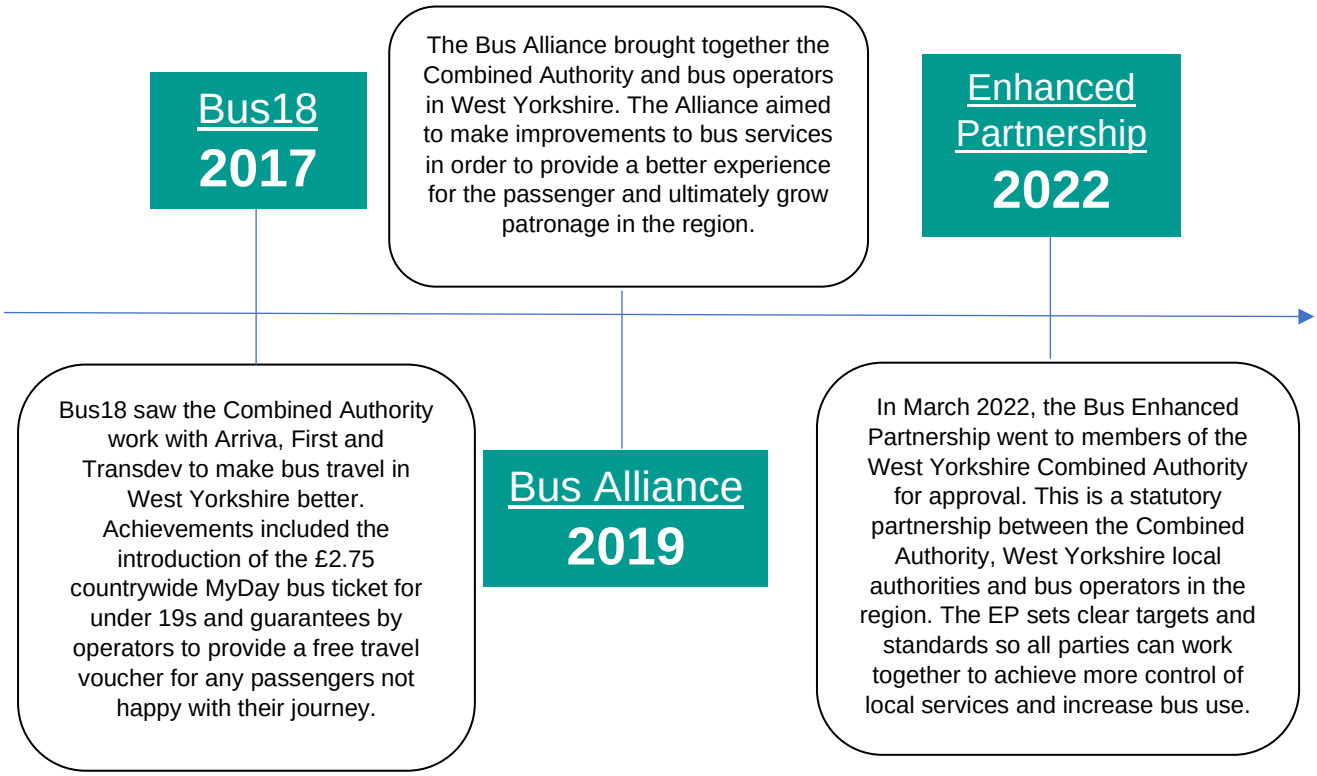
7.1.2. The section concludes by comparing the BSIP delivery areas, discussed around challenges above, to detail why the current EP is not delivering against the Combined Authority's vision for bus in West Yorkshire.

7.1.3 The current Enhanced Partnership commitments are set out in the West Yorkshire Enhanced Partnership Plan, a publicly published document available on the Combined Authority's website.

7.2. Partnership Working in West Yorkshire

7.2.1. There has been historical partnership working between bus operators and the Combined Authority through Bus18 and later the West Yorkshire Bus Alliance, which saw the establishment of a Voluntary Partnership Agreement. The timeline of partnership working can been seen in Figure 26 below, detailing partnership work so far.

Figure 26: Working in partnership with bus operators



7.2.2. The initial aim around partnership working was to enable the delivery of a high-quality bus service in the region. This partnership approach was borne out of a desire by all parties to work collaboratively towards a joint ambition for what the bus system should deliver in the long-term in West Yorkshire.

7.2.3. The West Yorkshire Bus Strategy (adopted in 2017) was an opportunity to promote better collaboration between bus operators and the Combined Authority. Discussion with operators formed shared ambitions around bus and culminated in bus operator endorsement of the Strategy.

7.2.4. Launched in March 2017, Bus 18 was a joint initiative to improve customer satisfaction and passenger experiences for West Yorkshire bus users. Under Bus18 there was the introduction of a discounted day ticket for young people and using the partnership to introduce more low-emission buses through central government funding.

7.2.5. To formalise Bus18 and further build on the partnership with operators, the West Yorkshire Bus Alliance was established in 2019, under a Voluntary Partnership Agreement, with the aim to collaboratively improve the region's bus system. As part of this several key projects have been delivered.

7.2.6. The VPA was never fully tested prior to the pandemic, with the West Yorkshire Bus Alliance being dominated by operational issues which limiting the opportunity for wider collaborative working. A review of the Bus Alliance was undertaken in 2021 and is detailed below.

7.2.7. During the pandemic Government published its National Bus Strategy which set out a fast-paced and ambitious vision to improve bus services in England outside of London. It also for the first time acknowledges the failure of a deregulated bus market to deliver a great quality bus service for everyone, everywhere.

7.2.8. The Strategy placed several obligations on LTAs that had previously not applied, including the publication of a Bus Service Improvement Plan (BSIP) by 31 October 2021 and to follow either a statutory Bus Enhanced Partnership (EP) or franchising by 1 April 2022 to deliver actions to enable BSIP outcomes. If an LTA did not have one of these processes in place by the deadline imposed by Government, April 2022, it was not able to access future bus funding.

7.2.9. In response to the National Bus Strategy, in April 2022 the Combined Authority made an Enhanced Partnership following consultation with bus operators and others, evolving the voluntary partnership into a statutory partnership scheme in the aid of improving bus service provision in the Region.

7.3. Bus Alliance Peer Review (2021)

7.3.1. The Alliance was set up with the aim to improve the customer offer for passengers and grow bus patronage by focusing on improving the customer journey.

7.3.2. During 2020, as plans were developed to evolve the Alliance to form an Enhanced Partnership, a peer review was undertaken by the Alliance to

acknowledge progress and consider improvements moving forward and understand why partnership working had not achieved the vision for buses across West Yorkshire, including not realising patronage growth and customer service improvements.

7.3.3. 19 interviews, largely conducted by J Chew Consultancy Ltd, were held across:

- All major bus operators, plus CPT UK and the Association of Bus Operators in West Yorkshire, which represent some smaller operators.
- West Yorkshire districts and the Combined Authority.
- Transport Focus.
- West Yorkshire Ticketing Company Ltd (WYTCL).

7.3.4. The respondents were asked to comment on their experiences of the Alliance in the following areas:

- The effectiveness of the organisational structure of the Bus Alliance.
- Understanding of its key objectives and strategy.
- Activities delivered to date.
- Evaluation of its success.
- The effectiveness of its communications.
- Thoughts on how the Bus Alliance might develop in the future.

7.3.5. In addition, meetings were held with representatives from Liverpool City Region and West Midlands to understand thoughts and perspectives on how their Bus Alliance's developed since they were established.

7.3.6. A summary table of feedback can be seen below in Table 10, which was taken forward in the development of the Enhanced Partnership in order to further strive towards an improved customer offer.

7.3.7. Assessing bus reform options allows the Combined Authority to further evaluate the impact of governance mechanisms and will allow evaluation of how this could further build on the Alliance's main aim of improving the customer offer.

7.3.8. An Enhanced Partnership Plan was made in April 2022. This saw the change from a contractual Voluntary Partnership Agreement (VPA) to a statutory scheme.

Table 10: SWOT analysis of the Bus Alliance

Strengths	Weaknesses

• **Collaboration:**
  • **Within the Alliance:** respectful, open & honest with trust established. Common sense and a 'make it happen' approach.
  • **With Other Organisations:** working with Transport Focus, WYTCL and the Ahead Partnership has yielded positive progress
• **Political Links** – leadership with the Transport Committee Chair provides an additional dimension
• **Clean Air Activities** – bids to renew bus operator fleets
• **Structure** - fit-for-purpose with extensive workplans for delivery/progress
	• **Pace of Progress** – slow and process driven e.g. around bus priority projects
	• **Structure -** large workplan, lots of paperwork & meetings. Clarity needed on roles/responsibilities
	• **Resource** – not enough to deliver everything, needs focus and better sharing of workload and resources
	• **Performance** - no meaningful KPI's. Requires a Performance Group and a focus on quick wins
	• **External Stakeholders -** Lack of input into stakeholder environments e.g. BID Teams, NHS. Be proactive in joining their forums
	• **Identity & Comms** - a stronger voice to promote West Yorkshire Bus and better engagement with internal and external stakeholders

Opportunities	**Threats**

• **Customer Focused** - Appetite to innovate and proactively improve the customer offer e.g. a consistent offer across the region, including complaints & information.
• **Covid-19 Recovery**
  • Better engage and attract previous/new customers as travel behaviour and patterns change (focus on bus vs car travel)
  • Promote the bus driver as a key worker
• **Identity & Comms:**
  • find a greater voice to attract funding
  • stakeholder buy-in through closer working relations e.g. with Local Authorities and WYTCL
  • Sell partnership delivery & customer benefits e.g. Fare Deal for Young People. Dynamic collaboration and collective messaging
• **Enhanced Partnership** – deliver better outcomes, especially for the customer, and unlock funding
• **Mayor** – future focal point of comms, transport key on the agenda
	• **Covid-19:**
	  • Market conditions, impact on passenger demand and commercial sustainability of bus operations
	  • Travel behaviour and patterns, with car use increasing
	• **Partnership Development:**
	  • Adding process & rigour = slow pace
	  • Funding uncertainty
	  • Enhanced Partnership may need to develop quicker than planned, but central control may cause tensions
	  • Changing personnel within the partnership
	  • more public scrutiny
	  • Building tension between organisations due to national and local policy
	• **Transport Scheme Development** - poor highway design for bus usage
	• **Mayor –** political change and ambitions and agenda for the bus (i.e. franchising)

7.4. Enhanced Partnership

7.4.1. The current EP is the mechanism for working with bus operators to influence and improve the delivery of the local bus system and the early stages of the Combined Authority's BSIP. It provides details on the Combined Authority's, West Yorkshire local authorities, and operator's shared plan to improve bus services and provision in West Yorkshire. The relevant legislation related to the EP is covered in Transport Act (2000) and the subsequent Bus Services Act (2017).

7.4.2. It is a statutory partnership between the Combined Authority as the LTA, West Yorkshire local authorities and all operators running bus services in the region and is approved by all these parties. Each of the Local Authorities of West Yorkshire are signatories to the EP.

7.4.3. Under the EP the bus market remains to be commercially led with local bus services being deregulated. Under this model bus operators take revenue from fares and make independent decisions about how bus services are run including setting routes, fares, frequencies and standards for buses.

7.4.4. The EP Plan reflects the ambitions and content of the BSIP and a large proportion of the content is taken from this document. The initial EP Plan takes a short-term view, focussing on what improvements can be made in the period up to 2027. This reflects the indicated timescales for deciding on and implementing a bus franchising scheme (if bus franchising is determined to be the preferred option for delivering bus reform in West Yorkshire).

7.4.5. The EP Plan on a page can be seen in the figure below, showing the range of interventions until 2026/27. Interventions which have and have not been delivered to date are also highlighted within the table.

Figure 27: Enhanced Partnership Plan on a page (as published April 2022)

2022/23	2023/24	2024/25	2025/26	2026/27
Establishment of the Enhanced Partnership **Delivered** *Introduction of the Passenger Charter* **Delivered** *Ongoing rollout of colour coded bus stops and timetables (Network Navigation) regionwide* **In Delivery** *Completion of bus priority schemes delivered as part of LPTIP* **Delivered** *Begin delivery of multi-operator contactless capping* **Not Delivered** *Reduction in the price of the MCard Day Saver (the 'daily cap')* **Delivered** *Time-limited barcode ticketing trial* **Not Delivered** *Begin Superbus pilots* **Not Delivered**	*Completion of all TCF bus priority schemes* *Roll out of more 'Your Next Bus' screens* *A more cohesively presented bus network including more Metro branding* *Rollout of more onboard audio-visual technology and other new accessible informati on.* *Improvements to management of network disruptions* *Improved system for dealing with passenger queries and complaints* *Growth of the bus network – new routes and more frequent services* *Deployment of a new Access Bus Fleet*	*New and improved bus stops and stations – with better safety and accessibility support* *Complete delivery of contactless capping* *More FlexiBus DRT s chemes* *Deployment of 120 new electric bus (subject to outcome of ZEBRA bid)*	*Cheaper and simpler fare structure* *Ongoing delivery of bus priority schemes via CRSTS/BSIP* *Audio visual information on all buses* *More Park & Ride schemes*	*A reimagined, fully inclusive, and more cohesive bus network with more frequent services and better connectivity for all.* *All buses EURO VI clean air zone compliant* *Completion of all bus priority schemes funded via the West Yorkshire Transport Fund*

7.4.6. The West Yorkshire EP (comprising of an EP Plan and one EP Scheme initially) ensured West Yorkshire could access discretionary bus funding which was made available in April 2022 - without the EP the region was not able to access this funding. The Scheme concentrated on bus priority and infrastructure schemes with benefits to bus, with commitments primarily focused on delivery of the Leeds Public Transport Investment Programme

(LPTIP) A61 (South) project. Specific stakeholder commitments within this Scheme are identified in the below table.

Table 11: Bus Infrastructure - LPTIP A61 South Enhanced Partnership Scheme Commitments

West Yorkshire Combined Authority	Leeds City Council	Bus Operators

• Provision and maintenance of Bus Stops
• Real Time Information Screens
• Bus Stop Cleaning
• Application of Network Navigation Principles to bus stops and shelters
• Safety and Accessibility Adjustments
• Methods for operators to report issues with bus shelters
• Bus stop infrastructure audit
• Bus journey time and reliability targets and monitoring
• Safety of women at night promotional campaign
	• Maintenance of existing Bus Lanes
	• Provision and maintenance of Traffic Signal Upgrades
	• Maintenance of existing Bus Lay-by's
	• Methods for operators to report issues with the highway and parking enforcement
	• Notice of roadworks and related engagement
	• Bus journey time and reliability targets and monitoring
		• Vehicle obligations:
		  • Euro VI equivalent emissions standard or better
		  • Free Wi-Fi
		  • Automatic Vehicle Location equipment installed that will feed into the Combined Authority's real time information system
		  • Heating for customer comfort
		  • Clean interiors, as a result of existing cleaning regimes
		  • CCTV installed for safety and security. This will provide images inside the vehicle for safety and security and also facing forwards from the vehicle to identify traffic issues
		  • Option to pay for tickets through contactless ticketing
		  • Application of Network Navigation principles
		  • Shared ticketing acceptance during times of severe disruption through the Service Disruption Protocol ('Husky')
		• Timetable changes undertaken in line with the Network Stability Agreement
		• Adherence to the Service Disruption Protocol ('Husky')

7.4.7. The second EP scheme was made in November 2022 and comprised key elements of the successful BSIP revenue programme – fares reductions, new and enhanced bus services and measures to support bus priority infrastructure and safety. Specific stakeholder commitments within this Scheme are identified in the below table:

Table 12: BSIP Enhanced Partnership Scheme Commitments

West Yorkshire Combined Authority	Local Authority	Bus Operators
• Introduction of the fares reductions reimbursement scheme • A fares reduction communication and marketing plan • Facilitate business to business ticket sales through the Travel Plan Network • Enable mobility credits through Mcard app enhancements • Investigate issues between bus, urban traffic and passenger information and create a plan to address • Enter into a service level agreement with West Yorkshire Police in relation to additional PCSO's • Development of a five year bus network plan • Undertake Superbus discussions with bus operators • Mobility hub development • Develop a draft Passenger charter • Develop and deliver bus priority and other related bus infrastructure schemes	• Contribute to investigating current issues affecting bus and urban traffic management and its interface with the provision of passenger information • Undertake Superbus discussions with bus operators • Mobility hub development • Develop and deliver bus priority and other related bus infrastructure schemes	• Implementation of the £4.50 MCard Day Saver • Implementation of £2 single operator fare • Collaboration with fares reductions communication and marketing campaigns • Align retail resources with the Travel Plan Network to sell products business to business • Collaboration in development of the bus network plan • Collaboration to enable delivery of co-ordinated timetables on specific corridors • Undertake discussions regarding their submitted superbus proposals • Contribute to investigating current issues affecting bus and urban traffic management and its interface with the provision of passenger information • Collaborate with development of the passenger charter • Contribute to discussions in relation to development and delivery of bus priority and other related bus infrastructure, including operator savings generated by the schemes and agreement as to how this will be reinvested into services.

Governance and decision-making

7.4.8. The West Yorkshire Bus Alliance was established in April 2019 as a VPA before transitioning to become the governing body for the EP in 2021. The original aims of the Alliance were to address downward trends in bus patronage and contribute to the delivery of the West Yorkshire Bus Strategy.

7.4.9. There are two Alliance boards, the Executive and Operational Boards and for the purpose of considering future content and arrangements for the variation and revocation of the EP Plan these issues shall be discussed as part of Executive Board meetings.

7.4.10. The Executive Board is chaired by the Chair or Deputy Chair of the West Yorkshire Combined Authority Transport Committee or their replacement and/or proxy as may be notified from time to time by the West Yorkshire Combined Authority.

7.4.11. The Executive Board is chaired by Chair or Deputy Chair of the West Yorkshire Combined Authority Transport Committee and comprises of representatives from:

- Association of Bus Operators in West Yorkshire
- Arriva Yorkshire
- Bradford Council
- Calderdale Council
- First West Yorkshire
- Kirklees Council
- Leeds City Council
- Transport Focus
- Transdev
- Wakefield Council
- West Yorkshire Combined Authority
- West Yorkshire Ticketing Company

7.4.12. Executive Board meetings are structured to include EP business. At the discretion of the Chair, guests will be invited to attend the EP part of the Bus Alliance Executive Board meetings where their input will contribute to the discussions being held.

7.4.13. Any matters relating to the EP Plan will be discussed and advised on by the Executive Board, which will be used by the Combined Authority to inform their decision on whether to commence the formal variation or revocation process if required.

7.4.14. EP specific papers are prepared by the West Yorkshire Combined Authority and circulated to Members as part of the wider Executive Board agenda pack circulation.

7.4.15. The above arrangements relate to the governance of the EP Plan and is the basis on which the governance of individual EP Schemes is built on and documented in the individual EP Schemes that make up the West Yorkshire EP.

Review of Enhanced Partnership Plan

7.4.16. The Enhanced Partnership will be reviewed at least annually - in alignment with the review of the West Yorkshire BSIP - with the need for any changes or updates considered initially by the West Yorkshire Bus Alliance Executive Board.

7.4.17. Updates to the Plan may be made to incorporate greater detail / clarity around the funding and resource available to deliver different elements, or in response to changes required to implement an updated BSIP.

7.5. Partnership achievements and limitations

7.5.1. Together the West Yorkshire Bus Alliance (through VPA and EP) has achieved:

- The introduction of an Under 19 fares deal to provide cheaper travel for young people travelling on any service in the region.
- Secured funding and managed the delivery of over 400 retrofitted buses to make local buses cleaner and greener.
- Collaborative working through the Covid-19 pandemic, which ensured services ran for essential travel and supported passengers to stay safe – including the publication of new bus crowdedness information.
- Coordinated effort to tackle driver shortages across West Yorkshire through a driver recruitment campaign.
- Launch of the ‘Mayors Fares’ campaign in September 2022, where BSIP revenue funding is being used to subsidise fares to enable a cap on all

single-journey tickets of £2 and a reduction in the MCard DaySaver ticket from £4.50 to £5.50.

7.5.2. Through the West Yorkshire Bus Alliance, and Bus 18, the Combined Authority took steps to address the failures of the current market (covered in section 5 and 6) and worked with operators to improve the bus service for customers.

7.5.3. The focus on recent work to ensure buses were available throughout the pandemic 'lockdowns' and beyond. However, the pressures created by the pandemic and other wider economic issues since then, such as the current cost of living crisis, mean a sustainable footing is needed for bus services urgently and further action is needed now.

7.5.4. Due to the impact of the pandemic on the bus market, much of the work under the Enhanced Partnership has been limited to recovering bus patronage to pre-pandemic levels and not fully achieved the progress set out in the Enhanced Partnership Plan.

7.5.5. The successes and weaknesses of the West Yorkshire Enhanced Partnership can be seen below in Table 13 and are explored under the five BSIP delivery areas below.

Table 13: Successes and weaknesses of the EP

Successes of the Enhanced Partnership	Weaknesses of the Enhanced Partnership
All Bus Alliance stakeholders are bought into the EP and have signed up to delivering commitments	Mechanisms within EP legislation have not yet fully been tested by Government or the partnership. This may lead to unforeseen legal risks, obstacles to delivery and/or the benefits of its provisions not being maximised
Strong stakeholder relationships have enabled commitments to be delivered to short Government timescales	Bus operators are reluctant to commit to delivering specific interventions within EP Schemes without supporting funding
Passengers are already seeing benefits from interventions delivered through the EP	Some EP commitments are reliant on Government funding to deliver. Delays in receiving the funding have led to delays in delivery compared to what was initially set out in the EP Plan. Funding also had to be initially sought from elsewhere to plug the gap until it was received.
	The pace of expected delivery of BSIP schemes tied to the EP has led to mostly basic commitments being contractualised so far. This is due to EP interventions

	requiring specificity and certainty which stakeholders were not able to commit to initially when the BSIP EP Scheme was created
	Timescales to create EP schemes are lengthy which delay the contractualisation of commitments and realisation of benefits for stakeholders
	The West Yorkshire EP has so far focused on local authority commitments/delivery and not yet undertaken formal negotiations with bus operators to explore the extent to which they can reinvest any benefits within their fleet

7.6. Why the current EP is not delivering

7.6.1. The reference case is set out in terms of the BSIP delivery areas below to understand what the current limitations of the governance mechanism are and provides the context to why bus reform is required.

7.6.2. The use of BSIP delivery areas below builds on the drivers for change discussed in section 6 and recognises the current governance mechanisms weaknesses in achieving the vision for bus set out in sections 3 and 6.

Network

7.6.3. Under the EP, influencing bus as a key mode of choice is dependent on agreement with the majority of operators with network interventions constrained by this and joint funding available to implement these.

7.6.4. The EP recognises the need for the local bus system to be as competitive as possible against private car use in urban areas. There are several network interventions that are planned for delivery through the reference case that could influence bus as a key mode of choice including:

- Development and delivery of a 5-year network plan.
- Superbus pilots (note – Enhanced Bus Services currently in development working in partnership with operators to support the growth of commercial services[98])
- Expansion of Demand Responsive Transport offer.

[98]West Yorkshire Combined Authority, July 2023, Item 5 - Bus Service Improvement Plan Update.pdf (moderngov.co.uk)

- A more cohesively presented bus network including branding.
- Ticketing interventions to further lower the cost of travel.

7.6.5. Currently, the Combined Authority has limited ability and levers to impact the financial sustainability of the market. Funding is allocated to commercial bus companies for concessionary travel and subsidies are paid to operate the Mayor's Fares fare capping scheme.

7.6.6. The EP has failed to increase patronage back up to pre-covid levels which is required if a financially sustainable network is to be reached, which has resulted in further route amendments and cuts from operators as less of the network is financially stable.

7.6.7. Under EP the network is primarily operated by commercial operators, with operators retaining responsibility for their own network design and planning. Within the existing EP plan there is a commitment to better provision of bus services in areas of high deprivation, however with all partnership interventions, this is subject to sufficient funding and resources.

7.6.8. The overall mileage across the network has also declined since 2011, suggesting a shrinking network rather than one that extends access to facilities. Under business as usual and taking into account the current financial challenges of the commercial network, there is unlikely to be significant change to the network over the coming years.

7.6.9. Services tendered on behalf of the Combined Authority respond to commercial drivers, such as service changes or withdrawals, alongside social need with ability to improve integration across the network limited. With current market conditions, and the impact of the covid pandemic, the Combined Authority's tendered services budget is already under pressure. Given these conditions, rather than better integration, it is more likely that the network would shrink and therefore provide a less integrated system with poorer connectivity.

7.6.10. The Combined Authority can tender services and use de minimis contracts to extend routes or add frequency, but this is a limited budget and is under pressure given the continuation of route cuts, meaning that recovery to a pre-covid network and supporting bus operators out of the decline in patronage seen in covid has been the dominant driving force.

7.6.11. Network interventions to help improve connectivity on selected corridors will be sought through the Superbus Pilot, however this intervention requires investment on behalf of the Combined Authority is a short-term trial solution for a period. Whilst learning from this could influence network decisions elsewhere, the network would remain under commercial control with limited influence from the Combined Authority.

Fares and ticketing

7.6.12. Under EP, fares and ticketing are set by commercial operators, with no expectation of a reduction in fares given the current market conditions. A price reduction of multi-operator ticketing via Mcard products could still be sought through Ticco, but it is unlikely to see a reduction in prices without additional operator incentives and is subject to operator agreement.

7.6.13. The current arrangement with operators has seen the introduction of a fare cap under the Mayor's Fares scheme. After 3 months, customers had completed 7.2 million journeys and have saved a total of £3.6 million compared to what they would have paid without the initiative. This has gone some way to providing cheaper and simpler fares for customers, however this is limited to day tickets and does not extend beyond this, with complexity around ticketing and fares remaining.

7.6.14. There are limited interventions available under fares and ticketing as commercial operators will retain the responsibility to set fares. There is potential for improvements to patronage through the introduction of EP schemes, however as with all partnership interventions, these rely on cooperation with bus operators and are subject to funding.

Customer service and information

7.6.15. Under the current EP, bus operators are required to maintain the management of resource in regard to staffing and vehicles. The responsibility of operational delivery in this respect therefore falls directly to operators, with the Combined Authority unable to influence this.

7.6.16. However, the Combined Authority are responsible for some front-line staff including bus station staff and call centre staff. This split of resource across multiple organisations makes the customer service inconsistent, with the Combined Authority unable to influence wider management of resource.

7.6.17. Under the EP, the Metro brand aims to unify the West Yorkshire bus network and signify the high standard of service a passenger can expect on any and all buses in the region. This is limited due to operators wanting to retain their individual brands, journey planners and apps, therefore limiting the ability the EP has to improving the customer offer through communications and marketing materials.

7.6.18. The current EP has targets in place around creating a safe and inclusive network, looking to improve satisfaction with personal security on the bus and at the bus stop. Whilst operators have agreed to these targets, there is currently no enforceable regime should they not be met.

7.6.19. One of the initiatives under the reference case is a partnership effort with West Yorkshire Police on better provision and deployment of PCSOs across the network. This will help tackle issues such as anti-social behaviour on buses and work towards providing a safer travelling environment for bus users.

7.6.20. The Combined Authority currently have ownership over bus stops and the majority of bus stations. This allows for provision of standardised assets and, in the main, consistent safety standards.

7.6.21. With current arrangements, commercial operators are responsible for providing the fleet across the network. This leads to varying onboard facilities and variation of accessibility standards, often associated with the age of the vehicle.

7.6.22. The variability in ownership of assets, including bus stations and stops, and vehicles leads to varying standards and a safety offer that may not be consistent across West Yorkshire.

Bus priority

7.6.23. A key issue within operational delivery is in regard to punctuality and reliability. Under the EP, bus operators report on their performance through the following KPIs:

- Improved punctuality by 12% by 2027
- Improved reliability to 97% of services being on time by 2027

7.6.24. Enforcement is the responsibility of the Traffic Commissioner, with the responsibility for ensuring punctuality and reliability standards are met.

7.6.25. Improvements to punctuality and reliability are likely to be seen under any governance mechanism through investments in bus priority infrastructure through BSIP and CRSTS funded schemes, seeing an introduction of elements including bus lanes, bus gates and signal priorities. This may help tackle punctuality and reliability through giving priority to bus and reducing issues associated with congestion.

Green and better vehicles

7.6.26. Under the EP, the responsibility for procuring, owning and maintaining buses is under control of commercial operators. This limits the impact of improving onboard assets and zero emission fleet through partnership due to the complexities around differing vehicle specifications and providers across the commercial providers.

7.6.27. Under the current EP, there is a commitment from operators to work towards a decarbonised bus fleet. This is supported by funding bids overseen by the Combined Authority, which has passported zero emission bus funding to operators across the Region. Under this mechanism operators continue to own buses and have decided on specification and vehicle manufacturer and which routes to operate them on. This is operator led and the Combined Authority have limited impact on the routes to influence operator spending on zero emission fleet.

7.7. Summary

7.7.1. This section has set out the history of partnership working in West Yorkshire, demonstrating that despite progress, challenges remained under this approach.

7.7.2. The advent of the EP was hoped to build on the strengths of partnership working and tackle some of the weaknesses by formalising the partnership through the making of an Enhanced Partnership.

7.7.3. Progress on the EP has been hampered by the Covid-19 pandemic, but the progress that was expected in the first year has not been realised.

7.7.4. The EP's capability in tackling the challenges of the network, fares and ticketing, customer service and information, bus priority and green and better vehicles have been explored and show the limited contribution that the current EP can make to addressing these.

7.7.5. The reference case is therefore unable to deliver against the strategic priorities of the Combined Authority and does not offer a governance mechanism that can deliver the improvements in the bus system that are required to address the challenges set out in section 6.

8. Bus Reform Objectives

8.1. Introduction

8.1.1. The previous sections of this case have detailed the importance of bus within West Yorkshire and have demonstrated the drivers for change for bus reform in West Yorkshire.

8.1.2. It has outlined the limitations of the current EP and the need for bus reform to better address the fundamental challenges and work more strongly towards achieving the Combined Authority's vision for bus through a review of the overarching governance model.

8.1.3. This section looks to build on the challenges to form objectives for reform and identify measures for success.

8.1.4. The objectives discussed in this section are based on the Combined Authority's policy and ambition for bus provision, alongside understanding what success would look like.

8.2. Objectives for reform

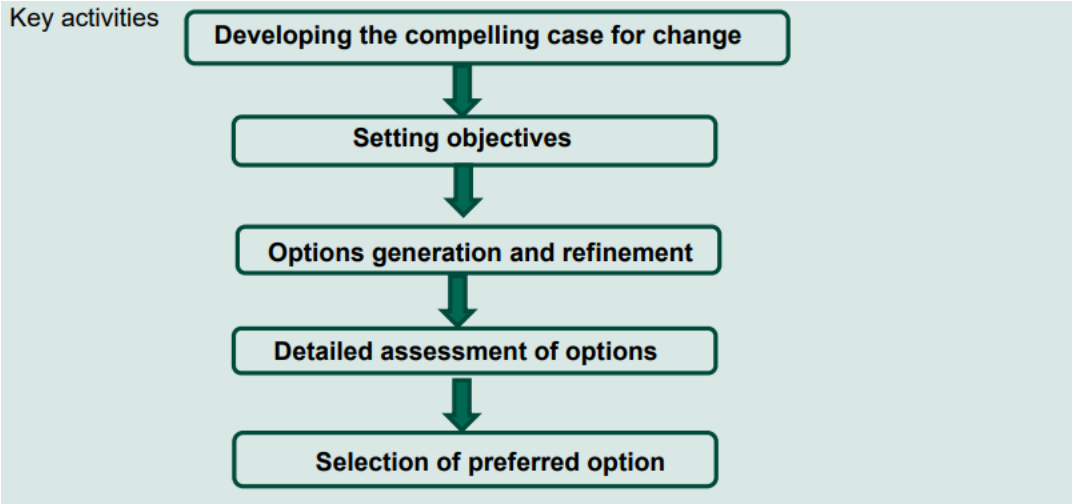
8.2.1. Objectives for reform are required to understand the potential impact of market reform for bus. The objectives within this section use DfT's Franchising Guidance as a basis and build on the Combined Authority's policies and strategies including our Bus Service Improvement Plan, Transport Strategy 2040 and wider transport and strategic policies.

Franchising Guidance on objectives

8.2.2. The Bus Services Act 2017 franchising scheme guidance[99] (the Guidance) requires local transport authorities to set objectives as a key activity (see figure below).

[99] Department for Transport, "The Bus Services Act 2017 Franchising Scheme Guidance", 2017, The Bus Services Act 2017 franchising scheme guidance (publishing.service.gov.uk)

Figure 28: Key Activities



8.2.3. The Guidance[100] also sets out requirements on setting objectives for the Assessment. This can be seen in the box below.

Figure 29: Guidance for Assessment Objectives[101]

Guidance for Assessment Objectives

"The authority or authorities should clearly set out the objectives it is trying to achieve separately from considering the options available to help achieve those objectives.

The authority or authorities should set out specific, measurable, achievable, realistic and time-bound objectives for local bus services in the relevant geographical area, which will contribute to achieving the authority's or authorities' overall local transport 12 policies and other relevant and published policies. It is for the authority or authorities to determine how many objectives are appropriate, but there should be a focus on delivering improved services for bus passengers. There should also be specific objectives concerning the affordability of the proposal and the value for money to be achieved. Each objective should be supported by specific measures of success which could be used to identify whether or not it had been, or was likely to be, achieved. Each authority will have its own local market circumstances and beyond this core guidance it is for the authority to identify which and how many objectives are appropriate."

[100] Department for Transport, "The Bus Services Act 2017 Franchising Scheme Guidance", 2017, The Bus Services Act 2017 franchising scheme guidance (publishing.service.gov.uk)
[101] Ibid

8.3. Bus reform objectives for West Yorkshire

8.3.1. Taking the guidance above, the Combined Authority developed objectives further through a process involving the review of existing bus, transport and wider social, economic and environmental policy and strategy across the organisation (as set out in section 3) to identify the contribution of bus to organisational vision.

8.3.2. Objectives were developed through stakeholder engagement from across the Combined Authority including:

- Bus Reform Board.
- Transport Committee.
- Combined Authority.
- Leaders and Chief Executive meetings.
- Directors briefings.

8.3.3. The objectives for this Assessment have taken into account the guidance and the ambition of bus specific, transport and wider policy. The objectives also take into account the challenges discussed throughout this strategic case. This resulted in the approach below, focusing on what a successful governance model would look to achieve and how bus could achieve the vision set out in our policy ambitions:

- **The whole journey** – sub-objectives that demonstrate the contribution that bus makes towards the Combined Authority's Transport Strategy 2040 and wider organisational policy structured around economy, environment and social issues in the region.
- **Improved experience for customers** – sub-objectives drawn from the Bus Service Improvement Plan delivery areas which would address customer challenges with the current bus system.
- **A value for Money and Affordable and deliverable option** – assessed through the economic, financial, commercial and management cases and ensuring that a governance model that presents Value for Money for public spending and an affordable, deliverable option for the Combined Authority.

8.3.4. Each objective is structured in the following way:

- **Headline objective** – overarching aim of objective identifying focus and timescale.
- **Sub-objective** – individual elements that contribute to the headline objective.
- **Measures** – ways in which sub-objectives can be measured in terms of outcomes and achievements.

8.3.5. The objectives for bus reform are as follows:

Table 14: Bus reform objectives

Overarching Objective	Sub-Objectives	Measures
The whole journey, enhancing the contribution of the bus system towards the Combined Authority's Transport Strategy 2040 and wider policies.	**Economy:** supporting an integrated transport system which provides reliable and improved connectivity to the places where customers need to travel to for work, education, leisure and access to services.	Improved public transport network access to: • Housing • Employment • Education/training • Healthcare • Leisure and shopping Within first three years of implementation*.
	Environment: establishing a transport network that helps to reduce the overall impact of transport on carbon emissions and air quality, and increases our resilience against climate change, including via zero-emission buses.	Increased bus mode share in the period up to 2040. Decreased car mode share in the period up to 2040. Decrease transport carbon emissions in line with the Carbon Emission Reduction Pathways to realise net zero by 2038.
	People and place: enabling a transport system that increases access in a safe, inclusive way that encourages use of bus as part of a multi-modal network.	Increased accessibility of facilities within first three years of implementation. Improved affordability of bus fares within first three years of implementation. Improved access to culture and green spaces within first three years of implementation. Improved customer satisfaction with personal safety within first three years of implementation.
Improved experience for citizens, maximising	**Network**: taking people where they need to go, when they need to go, and catering for the	Improvement in core network coverage in the first three years of implementation.

deliverability of the Combined Authority's Bus Service Improvement Plan by 2030.	complexity of modern travel patterns.	Improvement in service frequency in the first three years of implementation. Improvement in network integration (between and within modes) in the first three years of implementation.
	Fares and ticketing: making paying for bus travel more affordable, easier, convenient and flexible	Increased satisfaction with value for money within first year of implementation. Improved simplicity in fare structure within first year of implementation (number of different fares available). Improved access to contactless and integrated ticketing within first year of implementation.
	Customer service and information: providing passengers with the right tools to travel with confidence and help should their journey not go to plan	Improved satisfaction with passenger facilities within first three years of implementation. Increase in real time provision within first three years of implementation. Improved satisfaction with information provision within first three years of implementation.
	Bus priority: journeying by bus is quicker, and a viable alternative to the private car.	Improved service reliability within first three years of implementation. Improved service punctuality within first three years of implementation. Decreased journey time within first three years of implementation.
	Green and better vehicles: improving the onboard experience and making bus a sustainable choice for travel in West Yorkshire.	Increase in number of zero emission buses working towards a zero emission fleet by 2036.

*Current BSIP KPIs measure housing accessibility and employment accessibility, State of the Region monitors Access Inequality Ratio.

8.3.6. In order to assess value for money, affordability and deliverability the following statement has been applied, with further information on this in sub-section 10.5.

All these policy-led objectives will need to be balanced against the need for the bus system to be affordable, deliverable, and to offer good value for money – these aspects will be tested through the economic, financial, commercial and management cases.

8.4. Alignment across objectives and challenges

8.4.1 The table below takes the objectives and sub-objectives and aligns these the challenges outlined in section 6, recognising that through these objectives solutions to challenges are proposed, aligning to our wider organisational vision.

Table 15: Objectives aligned against challenges

Overarching Objective	Sub-Objectives	Challenges
The whole journey, enhancing the contribution of the bus system towards the Combined Authority's Transport Strategy 2040 and wider policies.	**Economy:** supporting an integrated transport system which provides reliable and improved connectivity to the places where customers need to travel to for work, education, leisure and access to services.	Integration Addressing customer needs Risk to services
	Environment: establishing a transport network that helps to reduce the overall impact of transport on carbon emissions and air quality, and increases our resilience against climate change, including via zero-emission buses.	Zero emission buses and modal shift
	People and place: enabling a transport system that increases access in a safe, inclusive way that encourages use of bus as part of a multi-modal network.	Accessibility Safety and Inclusivity
Improved travel experience for citizens, maximising deliverability of the Combined Authority's Bus Service Improvement Plan by 2030.	**Network**: taking people where they need to go, when they need to go, and catering for the complexity of modern travel patterns.	Customer network requirements Customer network access Financial Sustainability Government funding
	Fares and ticketing: making paying for bus travel more affordable, easier, convenient and flexible	Affordability and increasing fares Cost of living Decreasing fare revenue Commercially driven fares
		Customer satisfaction

	Customer service and information: providing passengers with the right tools to travel with confidence and help should their journey not go to plan	
	Bus priority: journeying by bus is quicker, and a viable alternative to the private car.	Customer satisfaction Congestion Bus priority policy and design
	Green and better vehicles: improving the onboard experience and making bus a sustainable choice for travel in West Yorkshire.	Zero emission fleet Investment opportunities and operator market Consistent customer standard

8.5. The whole journey

8.5.1 The first overarching objective for bus reform is *The whole journey, enhancing the contribution of the bus system towards the Combined Authority's Transport Strategy 2040 and supporting policies*.

8.5.2 Section 123B(3) Transport Act 2000 (amended by The Bus Services Act[102] 2017) requires authorities to consider the impact of options on the wider transport policy context through the contribution to achieving objectives set by the authorities LTP and other transport policies. It also requires consideration of the impact of neighbouring authorities' policies, including their adopted LTP. These strategies and policies have been considered in the development of this objective and are further discussed in section 10.

8.5.3 The primary focus of this objective is West Yorkshire's current LTP, West Yorkshire Transport Strategy 2040, with the sub-objectives framed around the objectives of the LTP. The sub-objectives therefore cover the themes of:

- Economy
- Environment
- People and Place

8.5.4. In considering neighbouring local authorities' policies and strategies, these themes show strong alignment, as discussed further in sub-section 10.6.

8.5.5. It should be noted that in line with government requirements, of producing an updated LTP every five years, the fourth iteration of West Yorkshire's LTP

[102] Department for Transport, "The Bus Services Act 2017 Franchising Scheme Guidance", 2017, The Bus Services Act 2017 franchising scheme guidance (publishing.service.gov.uk)

(LTP4) is currently in development. As with policy across the organisation, LTP4 builds on the three themes above, showing consistency across policy and as demonstrated in Figure 3, Section 3.

Economy: supporting an integrated transport system which provides reliable and improved connectivity to the places where customers need to travel to for work, education, leisure and access to services.

8.5.6. All residents in West Yorkshire should be well connected to opportunities across the Region to support the economy through getting customers to employment, education and leisure opportunities with availability and cost of transport often cited as a significant barrier to these, especially affecting low-income areas.

8.5.7. Not all parts of West Yorkshire have benefited from economic growth, and it is important that they are not left behind to ensure that inequalities are reduced and West Yorkshire levels up.

8.5.8. The bus service is important in our inclusive growth ambitions through enabling socially necessary passenger journeys and our governance mechanism needs to continue to ensure that these journeys are facilitated.

8.5.9. Transport also has an important role in connecting homes and businesses through reducing barriers associated with connectivity and accessibility. This will allow individuals across the Region to connect to job, education and leisure facilities reliability and affordably.

8.5.10. Our Inclusive Growth Framework recognises the role of transport in providing greater connectivity and accessibility, with the aim of a transport network that improves air quality and reduced the number of households in transport poverty.

8.5.11. Outcomes identified that would measure the success of this objective include Improved public transport access to:

- Housing
- Employment
- Education/training
- Healthcare
- Leisure and shopping

Within first three years of implementation

Environment: establishing a transport network that helps to reduce the overall impact of transport on carbon emissions and air quality, and increases our resilience against climate change, including via zero-emission buses.

8.5.12. The Combined Authority has set a science-based target with the ambition for the region to achieve net-zero by 2038, with significant progress to be made by 2030. This is informed by the Carbon Emissions Reduction Pathways study which demonstrates the contribution of all sectors across.

8.5.13. The Transport Strategy 2040 recognises the environmental challenges that the transport system in West Yorkshire needs to address in terms of climate change, poor air quality and noise pollution. It recognises the need for transport to have a more positive impact on our built and natural environment and improve resilience against climate change.

8.5.14. With transport being the highest contributor to carbon emissions across West Yorkshire (44%)[103] the governance option for bus needs to respond effectively to environmental challenge.

8.5.15. Modelling within the Carbon Emissions Reduction Pathways show that investment in sustainable transport interventions, alongside behaviour change, technology, and policy interventions, can achieve a carbon of between 70-80% up to 2038[104].

8.5.16. The Climate and Environment Plan supports the Combined Authority's carbon target by putting in place the structures and enabling mechanisms to achieve carbon emissions reductions in the long term. Within the Plan, Bus Reform is cited as playing a key role in achieving our climate targets, acknowledging the role Bus Reform, supported by our Bus Service Improvement Plan, can help decarbonise the bus network and encourage modal shift through encouraging the greening of fleets and enabling a more cohesive transport network.

8.5.17. As noted in Section 3, decarbonisation is a core theme of the Local Transport Plan that is currently in development, reflecting the ambition of West Yorkshire to reduce transport related emissions and responding to the

[103] Element Energy "West Yorkshire Emissions Reduction Pathways", July 2020, PowerPoint Presentation (westyorks-ca.gov.uk)
[104] Ibid

need to quantify carbon reductions of transport interventions. There is strong alignment across the emerging LTP and existing transport and wider policy at the Combined as demonstrated in Figure 3 (Section 3).

8.5.18. Outcomes identified that would measure the success of this objective include:

- Increased bus mode share in the period up to 2040.
- Decreased car mode share in the period up to 2040.
- Decreased transport carbon emissions in line with the Carbon

Emission Reduction Pathways to realise net zero by 2038.

People and place: enabling a transport system that increases access in a safe, inclusive way that encourages use of bus as part of a multi-modal network

8.5.19. Within the West Yorkshire *Transport Strategy 2040* there is an objective calling for greater accessibility across places in West Yorkshire, this is further supported by the Connectivity Infrastructure Plan in which safety, inclusivity and integration is key.

8.5.20. Safety and inclusivity is at the heart of the Bus Service Improvement Plan, recognising the need for the bus system to be safe and accessible for all customers.

8.5.21. Ensuring equality across the network and serving communities facing deprivation, inequality and exclusion is identified as key to achieving our aims within the BSIP, especially as Combined Authority analysis identifies that some of the areas suffering from the highest deprivation also have the highest travel to work costs[105].

8.5.22. Integration within and between modes is of high importance with journeys requiring interchange often difficult and time consuming to complete. The bus therefore has a central role in facilitating easy interchange in an affordable way, working with existing walking, cycling and rail infrastructure and the future mass transit network.

8.5.23. The Combined Authority has a clear vision of the future transport needs of the region and the opportunities this presents. The Connectivity Infrastructure Plan sets out a proposed pipeline of infrastructure to deliver on this.

[105] Appendix 1.1 Buses in West Yorkshire

8.5.24. The plan, which was published in 2021 forms a comprehensive evidence base, drawing on socio-economic demographics; anticipated land use changes including new employment growth zones and major housing opportunities; environmental and clean energy opportunities; known transport constraints and forecast changes to travel demand patterns and capacity.

8.5.25. The plan, and supporting Bus Network Review, demonstrate that the level of bus service provision is significantly fragmented across the region's five district areas, based on commercial drivers. This has resulted in unequal outcomes for the region's residents and presenting a challenge to the network's ability to provide a cohesive, integrated way to travel across West Yorkshire.

8.5.26. Outcomes identified that would measure the success of this objective include:

- Accessibility of facilities
- Affordability of bus fares
- Access to culture and green spaces

8.6. Improved travel experience for citizens

8.6.1. The second overarching objective for bus reform is *Improved travel experience for citizens, maximising deliverability of the Combined Authority's Bus Service Improvement Plan by 2030.*

8.6.2. Taking into account bus specific policy and the vision for bus in West Yorkshire is a requirement of the objectives, with this overarching objective providing the basis for customer improvements.

8.6.3. It is important to note that the BSIP is agnostic to any specific governance mechanism for bus and that is focuses on improved customer experience at all stages of the bus journey as a measure of success. As demonstrated above the current bus market is not delivering for the customer and is not maximising the objectives set out in the Combined Authority's BSIP. It is therefore vitally important that any governance mechanism allows customers to be prioritised in order to achieve the objectives set out in our BSIP.

8.6.4. This includes a customer experience that focuses on the BSIP delivery areas of:

- A radically enhanced, fully inclusive and more cohesive bus and public transport network – which takes people where they need to go, when they need to go, and caters for the complexity of modern travel patterns.
- Clear and simple fares – to make paying for bus travel more affordable, easier, convenient and flexible.
- Improved, more inclusive customer service and support – so all passengers have the right tools to travel with confidence and help they need if their journey does not go to plan.
- Priority for buses on our road – so journeys by bus are quicker, with less time spent stuck in traffic, and are a viable alternative to the private car.
- More green and better vehicles – to improve the onboard experience and make bus the sustainable choice for travel in West Yorkshire.

8.6.5. The sub-objectives that sit under this objective are directly drawn from the BSIP delivery areas and are discussed below.

Network: taking people where they need to go, when they need to go and catering for the complexity of modern travel patterns

8.6.6. As set out in Section 6, the bus network in West Yorkshire needs to provide a first-choice travel option for the travelling public, which takes people where they need to go, when they need to, and caters for the complexity of modern travel patterns, whilst being balanced against value for money.

8.6.7. From a customer perspective, it is crucial that buses provide a relevant and reliable way to get to places that matter to our communities such as health facilities, high-street shops, out-of-town employment sites and retail parks, education, parks, and other places of cultural and community interest.

8.6.8. The network also has to respond the challenges presented by the network that impact the financial sustainability. The network has to be efficient and attract new customers in order to overcome the risk to services presented by the current network.

8.6.9. This has resulted in a network that does not serve customer needs and is led by commercial decisions, setting routes and frequencies which respond to commercial drivers. The current network is inaccessible and has poor

reach for some, with access to high frequency services varying greatly across West Yorkshire districts.

8.6.10. Our ambition is to evolve the existing network in order to improve connectivity across the region and provide a more convenient, attractive and fully inclusive service offer for both existing and potential passengers. To do this we need to:

- Enable the bus network to support the complexity of journey patterns needed to sustain modern life, especially for those who mix work, childcare and other caring responsibilities.
- Enable more households to be within walking distance of a frequent 'core' bus service to their nearest city/town centre.
- Enable better access by bus to edge and out of town employment.
- Ensure the hours of operation of buses fit with the needs of people and the economy especially those on shift work and in the evening economy.
- Provide a viable bus network which enables people to switch from the private car.
- Identify viable new links between communities where demand indicated

8.6.11. Measures defined for this objective, show improvements set out in the timeframe to 2030 and include:

- Improvement in core network coverage in the first three years of implementation.
- Improvement in service frequency in the first three years of implementation.
- Improvement in network integration (between and within modes) in the first three years of implementation.

Fares and ticketing: making paying for bus travel more affordable, easier, convenient and flexible

8.6.12. Customer ability to purchase best value tickets is historically complex, with over 50 choices of ticket options open to customers travelling on the three major bus operators' services.

8.6.13. The pricing structures and costs differ between operators' own products and the multi-operator West Yorkshire-wide 'MCard' products. Lack of clarity

around the most suitable ticket and the best way to purchase (ticketing technology) is therefore a key factor in customer travelling confidence.

8.6.14. Within West Yorkshire, customers have consistently demonstrated that cost of travel is a key reason for non-bus users choosing other transport options[106].

8.6.15. The ambition for fares, as set out in our BSIP, is to provide a simple and easy to use fare system that bus users across West Yorkshire are confident in using. This includes our ambition to make bus fares more affordable, convenient and flexible.

8.6.16. Fares also need to adapt to changing travel patterns following the pandemic which will require a new approach to pricing that:

- Looks to incentivise irregular travellers to use the bus more.
- Allow part time commuters to access pre-paid discounted ticket products.
- Discounts for those with a regular travel pattern.

8.6.17. Measures defined for this objective, seen in Table 15 above show improvements set out in the timeframe to 2030 and include:

- Increased satisfaction with value for money within first year of implementation.
- Improved simplicity in fare structure within first year of implementation (number of different fares available).
- Improved access to contactless and integrated ticketing within first year of implementation.

Customer service and information: providing passengers with the right tools to travel with confidence and help should their journey not go to plan

8.6.20 Improved, more inclusive customer service and support is a key aim of the West Yorkshire BSIP. Improving customer facilities including those around communications and information, branding, customer service and the buses themselves is of vital important in providing customers with a better bus service as demonstrated through the West Yorkshire.

8.6.21 Our ambition for customer service and information needs to ensure:

[106] West Yorkshire Combined Authority The Mayor's Big Bus Chat – March 2023

- Enhancements to waiting infrastructure in order to improve passengers' personal safety or sense of safety whilst waiting at stops and interchanges at different times of service hours, especially for those with protected characteristics.
- Safety and inclusivity across the bus system so that customers are confident to make the journeys they need to.
- Communications and marketing to be industry leading, better targeted and effectively engaging customers and understanding our customer base more effectively.
- Improve customer service and support to enable bus users to plan and conduct their journeys with confidence, to maximise the reach and impact of efforts to promote a cohesive West Yorkshire bus offer and attract new passengers. This includes all information, customer services and customer feedback processes are accessible and easy to use, and front-line staff understand and can support customers to make their journeys.
- Consistency in journey planning and disruption messaging across the network.
- Better support customer queries and complaints and provide a coordinated system which customers can access in an easy way. This will work to ensure that the passenger gets an initial response at their point of contact within a set number of days and have a smoother experience in getting the answer they need.

8.6.18. Outcomes identified that would measure the success of this objective include:

- Improved satisfaction with passenger facilities within first three years of implementation.
- Increase in real time provision within first three years of implementation.
- Improved customer satisfaction with personal safety within first three years of implementation.

Bus priority: so journeying by bus is quicker and a viable alternative to the private car

8.6.19. There is currently a lack of consistency across bus priority and how it is planned across the bus network in West Yorkshire. This has resulted in

patchy coverage and relies on operators to continue to operate routes that makes best use of these measures.

8.6.20. Our ambition and approach to bus priority is set out in our BSIP, seeking to implement a regionwide approach to bus priority and supporting infrastructure across all West Yorkshire's five district areas to improve consistency and ensure that measures are matched to the journeys passengers want to make, not local authority boundaries.

8.6.21. By increasing bus patronage, and concurrently reducing private car use, issues such as congestion would improve, making journey times more reliable.

8.6.22. Our approach to bus priority will support us to meet our ambitions around decreasing journey times, improving reliability, and improving punctuality, whilst also challenging the market challenges around lack of consistency and policy around bus priority.

8.6.23. Our ambition for bus priority needs to ensure:

- We continue to build on our good track record of delivering bus priority across West Yorkshire, looking to improve punctuality and reliability for bus users.
- Different models of operating the bus network are investigated including Park & Ride schemes and the new demand responsive transport service in East Leeds.

8.6.24. Outcomes identified that would measure the success of this objective include:

- Improved service reliability within first three years of implementation.
- Improved service punctuality within first three years of implementation.
- Decreased journey time within first three years of implementation.

Green and better vehicles: taking people where they need to go, when they need to go and catering for the complexity of modern travel patterns

8.6.25. As discussed in Section 6, current provision of zero emission vehicles across the region is falling short of ambitions to provide a net zero fleet.

8.6.26. A green, zero emission bus system is a core element of the Combined Authority's long-term vision for buses in West Yorkshire. Our BSIP retains our key commitments to all buses being EURO VI or alternative by 2026,

and to transition to a fully zero-emission bus fleet, with significant progress by 2030 (as part of wider organisational ambition for the region to be a net-zero carbon economy by 2038).

8.6.27. Our ambition for green and better vehicles needs to ensure:

- All buses offer a safe, clean and accessible experience for passengers.
- The bus service is fully accessible which is designed with passengers in mind.

8.6.28. Outcomes identified that would measure the success of this objective include:

- Increase in number of zero emission buses working towards a zero emission fleet by 2036.

8.7. Summary

8.7.1. This section has outlined the objectives this Assessment looks to consider.

8.7.2. It has set out each objective used in this Assessment alongside background information linking it back to the challenges discussed in Section 6 and showing the importance of achieving these objectives for the vision of bus in West Yorkshire through relating these back to the appropriate policy.

8.7.3. Each objective therefore responds to a challenge in the current bus market which are detailed above in Section 6 – Strategic Drivers and in more detail in the accompanying *Buses in West Yorkshire – Evidence for Reform* document.

8.7.4. The objectives are structured over several tiers to show the central role that bus reform holds not only in specific bus related policy, but to achieve our ambitions on wider transport and organisational policy.

8.7.5. Achieving these objectives would help to support the bus market in West Yorkshire and reverse some of fundamental challenges it faces, allowing for an improved customer service and providing financial stability. It would also strengthen the role played by the bus system in supporting the region's economic growth, decarbonisation and placemaking.

9. Options for bus reform

9.1. Introduction

9.1.1. The options for bus reform need to address the challenges outlined previously and ensure that the bus market across West Yorkshire is improved for the benefit of customers and residents more broadly.

9.1.2. Despite progress through collaboration and formal partnerships between the Combined Authority and bus operators, there have been limitations to the impact of these interventions which are outlined below.

9.1.3. The challenges discussed above show that to reform the bus market the interventions need to go further in order to protect and improve the customer offer, as well as strengthen the bus system's contribution to wider strategic ambitions for the region.

9.1.4. The objectives discussed in section 8 set the targets required to meet the ambitions around bus in West Yorkshire and which would be required of a successful governance mechanism.

9.1.5. The options that follow also allow for strategic alignment across the transport, economic and environmental policies of the Combined Authority and neighbouring LTAs outlined in section 3.

9.2. Geography of intervention

9.2.1. It is intended that any intervention will cover the whole geography of West Yorkshire. This is to align with existing policies and strategies and reflects the ambition set out in the Combined Authority's BSIP and the subsequent Enhanced Partnership Plan. Practically, it also relates to the inter-connected nature of the region's bus network and travel demand, which operates across corridors and district council boundaries. Finally, it also reflects that many of the challenges outlined are faced regionwide.

9.2.2. In line with the National Bus Strategy, the Combined Authority's BSIP covers the Local Transport Authority (LTA) of the West Yorkshire Combined Authority. Our vision, targets and objectives are all at the West Yorkshire level, centring connectivity and sustainable travel at the heart of a thriving

and inclusive regional economy to support great businesses, careers and lives.

9.2.3. The current Transport Strategy considers objectives around the economy, environment and people and place. As with the majority of our policies, our priorities and objectives have a regional focus, therefore in order to deliver our vision across transport, a West Yorkshire wide geography for bus reform is deemed most appropriate in delivering interventions that will improve the bus service across the entire region.

9.2.4. The current reference case scenario is based on a West Yorkshire wide Enhanced Partnership. The geography for any further intervention should reflect these current arrangements to align with our regional focus as stated in the paragraph above.

9.2.5. Through a regional focus, bus reform will also reflect our regional aims and ambitions for a net zero carbon economy by 2038, with significant progress by 2030. Within our vision for bus, there is a significant role for bus in decarbonisation through modal shift and investment in greener buses.

9.3. Alignment of options against policy and strategy objectives

9.3.1. The following options have been developed in line with current Combined Authority strategy and policy and an understanding of how bus reform options can deliver against these. The objectives outlined in section 8 focus on these policy objectives and have informed the development of options for reform. The impact of bus reform options against delivery of policy and strategy is discussed in section 10, alongside a discussion on the impact on neighbouring authorities.

9.4. Options for reform

Longlisting

9.4.1. In 2020, prior to the release of the National Bus Strategy, an evaluation of available options to the Combined Authority to reform the local bus system was undertaken which longlisted proposed ‘future bus options’ for the region.

9.4.2. The Combined Authority was then in a Voluntary Partnership Agreement with local bus operators, which was managed via the West Yorkshire Bus Alliance. The options generated at the time are summarised in the table below.

Table 16: Reform options and key elements

Option	Key elements of option
Voluntary Partnership	• Agreement between an LTA and the local bus operators to improve local bus services. • No requirement for detailed legal agreement, shared responsibility for delivery requirements.
Enhanced partnership	• Legal scheme made by LTA with the consent of the majority of local bus operators to work together to improve local bus services. • Shared responsibility between operators and LTA. • Can vary in scale and scope to fit local requirements. • Provides opportunity to influence a broad set of requirements including common ticket rules and fare zones, routes and branding. • Parking policies and bus priority provision extended to increase usage.
Advanced Quality Partnership Scheme	• Legal scheme made by LTA with shared responsibilities for bus operators and LTA. • Services operated by commercial bus operators, but new standards are set which some or all of the bus operators in the area are required to meet. • New standards include minimum service frequency, route branding/marketing, better payment methods, maximum fares. • Parking policies and bus priority provision extended to increase usage.
Franchised Bus Network	• Single, integrated local transport network under one brand and one ticketing system – responsibility for management and delivery with LTA. • Ability to cap and regulate fares. • Ability to contractually guarantee vehicle and service standards. • Bus network specified by LTA. • Potential Value for Money for the taxpayer through efficient use of subsidy.

9.4.3. The Combined Authority also sought legal advice on municipal ownership of bus company's following some operators announcing the potential sale of their West Yorkshire businesses. It was felt that there would be opportunities and benefits to owning the bus company in a similar ability to franchising, albeit limited to the purchase of a single or a few bus companies. However legal advice concluded that it would breach regulations set out in the Bus Services Act 2017.

9.4.4. Whilst the Combined Authority were reviewing options for reform, the National Bus Strategy was released, automatically discounting some options from review.

Requirements of the National Bus Strategy

9.4.5. The options to authorities, set out in the Bus Services Act 2017 – New powers and opportunities focused on market interventions that could provide better journeys, better places and better value. It set out options for:

- Advanced Quality Partnerships (AQP)
- Enhanced Partnerships (EP)
- Franchising

9.4.6. Further to this, in 2021, the National Bus Strategy outlined the options for Local Transport Authorities which would ensure the continuation of funding from central Government post 2021, narrowing options to EPs and Franchising.

9.4.7. The National Bus Strategy set out the requirement for LTAs to enter into an Enhanced Partnership or franchising scheme in order to access CBSSG and successor funding. The Combined Authority has therefore not considered an AQP as it would not allow access to funding opportunities from central government.

Shortlisting

9.4.8. Following the publication of the National Bus Strategy, the Combined Authority were able to shortlist bus reform options to two reform mechanisms.

9.4.9. The two reform mechanisms being considered are an Enhanced Partnership and Franchising, with the definitions of this (as set out in guidance) covered below.

9.4.10. The Bus Services Act 2017: enhanced partnerships guidance[107] outlines an Enhanced Partnership and can be seen in the figure below.

[107] Department for Transport "The Bus Services Act 2017: Enhanced Partnerships", 2017, The bus services act 2017: enhanced partnerships (publishing.service.gov.uk)

Figure 30: Enhanced Partnership guidance

Bus Services Act 2017: Enhanced Partnership Guidance

An EP is a statutory partnership between one or more LTAs and their local bus operators that sets out how they will work together to deliver BSIP outcomes in the defined geographical area(s) set out in the EP. It is in two parts:

- An EP Plan - a clear vision of the improvements to bus services that the EP is aiming to deliver, mirroring the BSIP.
- One or more EP schemes – an accompanying document that sets out the requirements that need to be met by local services that stop in the geographical area defined in the EP scheme, to achieve BSIP outcomes.

The LTA has formal responsibility for making the scheme, but at set points in the process they can only proceed with their proposals if they have the support of a defined proportion of local bus operators. An EP only applies to registered local bus services, not coach services, community transport services or other types of road passenger transport. However, as explained in the BSIP guidance, community bus services can provide an important contribution to meeting overall bus transport needs and delivering BSIP outcomes, especially in rural areas. We would encourage LTAs and community transport operators to co-operate together and with commercial bus operators to deliver BSIP outcomes – using, for example, a separate contractual agreement, a memorandum of understanding or, for section 22 operators, a voluntary partnership agreement.

9.4.11. The guidance outlines franchising as:

- Under bus franchising, the deregulated, commercially led bus market would be replaced, and bus operators are only able to provide services under contract to the local transport authority.
- The LTA can identify the local services that they consider appropriate to be provided in an area under local service contracts.
- This allows the LTA to articulate high-quality, high-level plans to make bus services better for passengers, including on how they intend to use franchising to deliver better higher quality services.

9.4.12. Therefore, this franchising assessment considers two options for reform against the Enhanced Partnership reference case:

- **Enhanced Partnership plus** (EP+) – continued partnership with bus operators, pushing the limits of the Enhanced Partnership framework, with new Schemes aligned to CA vision as far as legally possible.

- The Proposed Franchising Scheme - suspension of existing commercial system, variation of Franchising outlined below.

9.5. Enhanced Partnership Plus (EP+)

9.5.1. The first option considered as part of this Assessment constituted an EP+. The same legislation governs this option as under the reference case, as previously detailed in section 7. Primarily, it would involve the retention of the commercial bus market and require all intervention to be delivered in agreement with bus operators.

9.5.2. The Combined Authority view this option as enhancing the current EP Plan and adding additional Schemes, looking to achieve above and beyond the current state of play and make progress on the bus reform objectives outlined in section 8.

9.5.3. The aims of the EP+ are to:

- Test the EP legislation to drive the partnership further.
- Make further use of policy levers and powers.
- Create the most ambitious EP that could be delivered in West Yorkshire, within the funding available.

9.5.4. For West Yorkshire the EP+ would retain existing arrangements with the addition of the following policy levers:

- Qualifying Agreements to support EP+ schemes.
- Exercising traffic commissioner powers (bus registrations)
- Influence of deployment of zero emission buses
- Exploring use of route requirements
- Making use of mayoral Key Route Network powers

Defining the EP+ option

9.5.5. Enhanced partnerships are set out in legislation, but there is variability in enforcement rights under enhanced partnerships resulting in different levels of commitments encapsulated across enhanced partnerships across England.

9.5.6. In order to define the most ambitious form of enhanced partnership possible the following steps were taken initially by the Combined Authority:

- Reflection on current EP and where this has failed to realise ambitions

- Consideration of the case for change and objectives for bus reform
- Discussion with Combined Authority Leaders, Directors and other stakeholders.
- Workshops and development of position papers

9.5.7. As part of this, operators were briefed on developments and the proposals for the EP+ through bi-monthly operator forums.

9.5.8. Following these initial steps, operator market engagement sessions on the proposed EP+ were undertaken through March-May 2023. This allowed operators to understand the proposals and feedback with any observations, questions or concerns.

9.5.9. The operators were supportive of the majority of the interventions listed within the Combined Authority's initial suggestions for the EP+ model shared at market engagement, and operators then further undertook an exercise to develop additional specific interventions to demonstrate how it could achieve further success. These were discussed and tested through a series of thematic workshops with Combined Authority officers, organised by the Combined Authority. Operators then submitted a proposal document and supporting commitment letters to the Combined Authority (see appendix 1.3).

9.5.10. The paragraphs below reflects the EP+ model taking into account both the initial work of the Combined Authority on the EP+ and additional interventions that came out of the partnership workshops and submitted proposals from the West Yorkshire Bus Operators (WYO).

1.1.1. Letters of support for this proposal were received by:

- Arriva Yorkshire
- First West Yorkshire
- Transdev
- TLC Travel
- Connexion Buses
- Stotts
- Confederation of Passenger Transport / Association of Bus Operators West Yorkshire (ABOWY)

- A joint letter on behalf of Globe, Ross Travel, Squarepeg Buses, Station Coaches, Waterson's and Dale and Bowland CIC.

Interventions under the EP+

9.5.11. The following sections look to explore the interventions that would be undertaken under the introduction of the EP+ mapped against the BSIP delivery areas showing the strategic deliverables under this governance option.

Network

9.5.12. The EP+ would look to expand the EP to include Qualifying Agreements (QAs) on key corridors, aligned to EP schemes and bus priority where possible. Whilst QAs are not part of EP legislation, partnership with operators helps to facilitate this and will expand on current arrangements in which QAs are not currently in place.

9.5.13. QAs were supported in principle by operators during market engagement and would allow for route rationalisation on over bussed corridors which would impact the ability to move resource around the network, potentially extending or introducing other services. QAs would be used to specify frequencies and capping the number of buses on certain corridors.

9.5.14. Further to this, WYO have expressed support for an agreed process for network re-investment. As detailed in the WYO proposals (Appendix 1.3), this includes network re-investment where benefits (such as saved buses, lower operating costs, patronage growth) have been realised from public capital investment. Examples of how benefits could be reinvested suggested by operators include:

- Redeployment of saved buses to increase frequency;
- Extending operating hours, improving evening frequency, providing night buses;
- Investing saved costs to promote corridor; and
- Deploying the value elsewhere – increasing tendered service or providing new ones

9.5.15. To further improve the network in West Yorkshire, there are several immediate network interventions proposed under EP+ included in section 2.2 of the economic case.

9.5.16. A proposal under the EP+, which is not currently under consideration in the current EP Reference Case, is the adoption of Traffic Commissioner powers to cover bus registrations within the area of the EP scheme, and specifically allow for enforcement of route requirements which would potentially impose frequency requirements on key routes. To further enhance network planning, West Yorkshire bus operators (WYO) have proposed a Network Management Group working across Combined Authority officer and Operators. Working together, it is proposed this group would determine network changes required to meet customer needs.

9.5.17. The Combined Authority would also work closely with WYO to improve data sharing on route performance, patronage levels and other key KPIs. WYO have agreed to provide data on passenger boarding, route performance analysis and audited annual patronage/operated kilometres.

9.5.18. WYO are keen to explore a collaborative approach to strategic network of the public transport network, including innovative network developments through the EP+, delivering urban and rural network interventions, with WYO proposing to fund three network developments each year to support this.

9.5.19. Through the West Yorkshire Devolution Deal, the Combined Authority secured new powers to set up and co-ordinate a Key Route Network (KRN) alongside our Local Authority partners with Local Highways Authority responsibilities. The emerging strategy is being developed through the Combined Authority Local Transport Plan, looking to manage the KRN in a collaborative way to improve traffic flow, reduce congestion and provide opportunities to introduce bus priority. The WYO proposal is supportive of the use of these powers. KRN powers would apply to both the EP+ and the Proposed Franchising Scheme and is also discussed in the franchising section below.

Fares and ticketing

9.5.20. The established partnership has already been successful in making bus travel cheaper in West Yorkshire by introducing the Mayor’s Fares scheme, seeing a capped price of bus fares for £2 for a single and £4.50 for a day ticket.

9.5.21. The EP+ could look to build on the success of this scheme, through interventions on multi-operator ticketing such as further fare capping across a wider range of tickets including weekly and monthly tickets. There is commitment from operators towards developing a streamlined, simple WYO ticket range which could simplify the ticket offer and possibly make multi-operator Mcard ticketing cheaper and more affordable to the travelling customer. This builds on the current fares commitments as set out in the Enhanced Partnership Plan for the existing Enhanced Partnership.

9.5.22. Further fares and ticketing interventions could look to be introduced, including an enhanced ENCTS travel offer and funding of initiatives to reward bus customers (see table 17 for more detail).

9.5.23. As discussed in section 10, further reductions in the price of multi-operator tickets and reducing the capped fare prices under fares interventions in EP+ would be reliant on additional funding. This may require additional subsidy for operators to enable this reduction. Customer service and information

9.5.24. The EP+ would look to advance the current customer services and information provision provided under the EP working towards a common approach to customer information, both through information provision and improved front-line customer service. This would improve operational delivery for the passenger and help connect people with the bus network.

9.5.25. Elements that would look to be improved on through the EP+ include working in partnership to develop a common set of information available across all customer platforms for consistency of customer service. This includes establishing a unified West Yorkshire brand, including a fleet rebrand, alongside enhanced customer service processes and supported by customer service training.

9.5.26. There is also the opportunity to link customer services and information to fares interventions allowing better marketing of multi-operator capped fares. As part of this, operators have committed to marketing the best value fare as part of an enhanced customer offer for journey planning.

9.5.27. Operators have proposed, to improve customer information, and have agreed to introduce a singular point of customer contact under the EP+, which will need to be developed in more detail in terms of delivery approach.

9.5.28. WYO have proposed further interventions to improve safety and give passengers a stronger voice under EP+. This includes forums such as a new Safety partnership and Passenger Forums.

9.5.29. The interventions under customer services and information rely on cooperation with the majority of operators and may require some level of additional funding. Interventions, alongside funding requirement and source, are listed in table 17.

Bus Priority

9.5.30. Enhancing bus priority is possible under any market mechanism. Investment in bus priority is agnostic of governance mechanism and would require additional capital investment. As such, it is a longer-term priority to transform the bus priority offer over time.

9.5.31. In partnership with operators, and through the creation of an Oversight Group, bus priority can be better planned to offer improved journeys times and be used to encourage operators to reshape their route priorities under EP+. The Oversight Group would work collaboratively on shared KPIs, bus priority measure roll out, parking and bus priority enforcement and managing disruption. Further to the Oversight Group, one operator has committed to providing additional resource to manage bus priority to help to identify and accelerate the adoption of Bus Priority measures.

9.5.32. Through the Bus Service Improvement Plan a pipeline of bus priority measures are set out, which will be adopted into the EP+ through the creation of EP schemes (such as those described in section 7). Enhanced data sharing with WYO could help collaboration on bus priority through the EP+ as a means to support prioritisation of future bus priority schemes.

9.5.33. An additional commitment by WYO is the provision of resource into the Urban Traffic Control Teams in all five districts to better manage issues with journey times and reliability.

9.5.34. The Combined Authority would use Key Route Network powers, a Mayoral Combined Authority power, to better manage highways and align bus priority schemes. This would be subject to further decision making on the use of Key Route Network powers.

9.5.35. These interventions would depend on the cooperation of operators and investment in bus priority under the EP+ does not necessarily result in immediate benefits to journey times and customer satisfaction.

Green and Better Vehicles

9.5.36. Under the EP+ the Combined Authority would look to influence the specification of better vehicles through allocated, subsidised funding targeting the introduction of zero emission buses. Funding would be offered to operators for investment in fleet and associated infrastructure on a ZEBRA style basis and would look to achieve our target of a zero-emission bus fleet.

9.5.37. This investment, and projects aimed at improving environmental targets, would receive support from the WYO proposed Green Team Taskforce to ensure environmental targets are met.

9.5.38. Operators have committed to providing a more consistent customer experience through agreeing to work towards establishing a standardised bus interior specification. In addition, a mechanism to further drive standardisation of the customer offer would be to specify onboard vehicle requirements through funding agreements in return for delivery of zero emission vehicle funding.

9.5.39. Mechanisms could also be explored to include zero emission vehicles in future EP Schemes, linking a zero emission specification to particular corridors.

9.5.40. Green infrastructure benefits to wider society could be explored through proposed Green Excellence Transport Hubs by WYO, building on their infrastructure investment to offer community and business charging facilities alongside local skills development.

9.5.41. Many of the interventions under Green and Better Vehicles are reliant on operator agreement and additional funding being made available, specifically subsidies for zero emission vehicles.

Operator proposed interventions

9.5.42. The EP+ option explored above contains a variety of operator proposed interventions. A table containing these specific interventions is below. This is

summarised from the table in Appendix 1.3 the Operator EP+ Proposal. The table references whether they require additional funding, and the source of that funding if required.

9.5.43. Alongside the submitted EP+ proposal document (Appendix 1.3), several letters of support were received, referenced above at 9.5. It is assumed that those interventions requiring funding from WYO are committed to through the submission of letters of support, unless letters indicate otherwise. Some operator letters also contain specific commitments from individual operators, that do not form part of the collective proposals. For these it has not been assumed that any other operator are committed to those interventions. Some interventions are identified as requiring additional funding commitments from the public sector.

Table 17: Operator interventions

BSIP delivery area	Intervention	Funding required	Funding source
Network	A Combined Authority led Network Management Group	No	Within current resource
	Proactive data sharing (passenger boarding, route performance, audited route patronage and annual operated kilometres)	No	Within current resource
	Process for network re-investment	No	Within current resource
	Network innovation projects (3 per annum)	Yes	WYO

	Commitment to supporting mass transit proposals	No	Within current resource
Fares and ticketing	Effective replacement of ticket options with a streamlined and simple WYO ticket range	No	Within current resource
	Multiple-operator contactless capping (Project Coral)	No	Within current resource
	Introduction of pre-9.30am free travel for ENCTS holders	Yes	Combined Authority
	Funding of initiatives including Passenger Incentive Programme and a local fund for Districts	Yes	WYO
	Display multi-operator best value fares within journey planning	Yes	Joint WYO and Combined Authority
Customer service and information	Unified West Yorkshire brand	Yes	Joint WYO and Combined Authority
	Enhanced, streamlined customer service processes and information provision	Yes	Joint WYO and Combined Authority
	New Safety Partnership	Yes	Joint WYO and Combined Authority

	Passenger Forums	Yes	Joint WYO and Combined Authority
	Additional customer service training for frontline staff	Yes	WYO
	Improved digital information on bus through 4G upgrade investment	Yes	WYO
Bus priority	Creation of Oversight Group	No	Within current resource
	Enhanced sharing of data	Yes	WYO
	Provision of resource into Urban Traffic Control Centres	Yes	WYO
	Combined Authority to use Key Route Network Powers	Yes	Combined Authority
Greener and Better Vehicles	100% zero-emission bus fleet by 2036[108]	Yes	WYO
	Green Excellence Transport Hubs offering charging facilities and local skills development	Yes	WYO
	Green Team Taskforce to support delivery of environmental targets[109]	Yes	WYO

[108] Investment in fleet in ZEBRA style funding scenario will require additional funding from Combined Authority or central government sources
[109] Currently limited in scope to depots in ZEBRA phase 1

	Enhanced, in-service, on bus cleaning programme	Yes	WYO

9.6. The Proposed Franchising Scheme

9.6.1. The second option considered is the Proposed Franchising Scheme. This would involve the suspension of the existing commercial bus market and the Enhanced Partnership scheme which governs it. Instead, the Combined Authority would take on new powers, providing the ability contract services.

Defining the franchising option

9.6.2. Franchising powers are set out under legislation. However, as a model there are still many variables in the way an Authority can implement it. Figure 31 sets out some of these variables.

9.6.3. As part of this Assessment, the Combined Authority has developed further details of how it will implement Franchising to define this Option.

9.6.4. This has been done through:

- Reflection on the case for change and strategic ambitions for reform.
- Discussion with Combined Authority Leaders, Directors and other stakeholders.
- Technical workshops and development of position papers.

9.6.5. As part of this, a number of sub-options were tested.

Figure 19: Franchising variables

Franchising variables					
Franchise scheme area	Services contracted	Revenue risk on contracts	Asset provision	Procurement round	Contract bundling options
West-Yorkshire wide – whole region, entirely replacing the current EP Scheme	**All applicable services** – with 'permitting' for cross boundary services.	**Gross cost** - WYCA takes control of fare box and full revenue risk.	**All fleet / depots provided** – large capital investment and improved market competition	**Big bang transition** – all services contracted from Day One.	**Few / large contract bundles –** such as one per depot or District, to make efficiency
Part of West Yorkshire – such as certain District or geographical boundary.	**Grouped services –** such as the supported or high frequency networks.	**Net-cost –** operators take risk on fare box and paid fixed cost for operation	**Transition to fleet & depot provision –** meaning lower upfront capital investment costs.	**Staged-transition** – different 'Lots' of services contracted over time.	**Mixed-size contract bundles** – to support SME participation and competition.
Micro-franchising – such as along certain corridors or routes only.	**Specific services –** for minor change and market control**.**	**Shared-risk** – with operators, meaning more limited control over fares etc but less risk.	**Selective asset provision** – e.g. depots only, lower investment costs.	**Measured transition** – with initial 'takeover' assessed before proceeding further.	**Individual service contracts** – as per TfL, encourages competition but may be less efficient in WY.
			No assets owned		

9.6.6. From Figure 31 above, seven variations of franchising were developed:

- Full West Yorkshire Gross Cost Franchising with Gradual Fleet Transfer[110]
- Full West Yorkshire Gross Cost Franchising with Partial Fleet Transfer
- Slower Pace West Yorkshire Gross Cost Franchising with Partial Fleet Transfer
- Partial West Yorkshire Gross Cost Franchising with no fleet transfer / depot transfer only
- Full West Yorkshire Gross Cost Franchising with no asset transfer
- Full West Yorkshire Gross Cost Franchising with immediate asset transfer

9.6.7. A summary of the key elements making up the franchising option for this Assessment can be seen in Table 18 below.

Table 18: Franchising option for Assessment

Franchising variation	Franchising Option to be assessed
Scheme area	West Yorkshire wide, recognising the different needs of bus services in each District area
Services contracted	All services, with permitting for cross-boundary services that cannot be franchised.
Revenue risk on contracts	Full fare box control and revenue risk on all contracts – 'gross cost' approach. Risk transferred to the Combined Authority.
Assets ownership	Staged investment in full asset ownership – bus depots and a 100% zero-emission bus fleet*.
Procurement round	Staged transition with lots in each District area**.
Contracting bundling size	Mixed sized contract bundles to facilitate competition and participation of smaller-to-medium sized operators. Social value to be considered as part of the contracting strategy.

[110] Gradual fleet transfer is the transfer of fleet to the Combined Authority ownership

* Depot and Fleet strategies consider staging and transition in more detail.
** Lotting Strategy consider this in detail.

9.6.8. For the purposes of this assessment different delivery options and mechanisms under franchising have been considered to form an option to proceed with the assessment, as outlined above.

9.6.9. This option is explored below in relation to the BSIP delivery areas, Value for Money and Impact on Neighbouring Authorities.

Network

9.6.10. The introduction of franchising within West Yorkshire could enable changes to the network currently operated in West Yorkshire through the ability to set routes and frequencies across West Yorkshire. The removal of the need for the network to be competitive in commercial markets would enable the Combined Authority to have full oversight and planning of the bus network in West Yorkshire to achieve an enhanced and more cohesive bus network which takes people where they need to go, when they need to go. Over time, the aspirational West Yorkshire network could be introduced which could better respond to customer demand and use available data to adapt the network to better deliver for customers.

9.6.11. The ability to set routes and frequencies under the Proposed Franchising Scheme could allow for greater ability to reach our BSIP network vision. For the passenger this could mean better access by bus to the places they want to go, when they want to go – with less time spent waiting at the bus stop and a greater awareness of the options bus can provide them for travel. This will impact customer confidence in being able to make the journeys they need too.

9.6.12. Network interventions under the Proposed Franchising Scheme would have to be affordable and the changes to the network would be considered over time.

9.6.13. Under the Proposed Franchising Scheme there would be some immediate changes to the existing network (see section X economic case), alongside the longer term aim to implement the most optimal network for bus customers.

9.6.14. The Combined Authority would set frequency, specification and quality standards for the network. This would all be set out in a service specification to successful franchisees.

9.6.15. Within each franchise contract WYCA would incorporate a performance regime which would give Operators a commercial incentive for providing consistently high standards of performance as detailed in section 5.3.9 of the commercial case.

9.6.16. As discussed in 9.5, through the West Yorkshire Devolution Deal, the Combined Authority secured new powers to set up and co-ordinate a KRN alongside our Local Authority partners with Local Highways Authority responsibilities. KRN powers would apply to both the EP+ and Proposed Franchising Scheme.

Figure 32: BSIP Network Vision

Our network aims are included within the West Yorkshire BSIP and demonstrate the ambition of the network to:

- Enable the bus network to support the complexity of journey patterns needed to sustain modern life, especially for those who mix work, childcare and other caring responsibilities.
- Enable more households to be within walking distance of a frequent 'core' bus service to their nearest city/town centre.
- Enable better access by bus to edge and out of town employment.
- Ensure the hours of operation of buses fit with the needs of people and the economy especially those on shift work and in the evening economy.
- Provide a viable bus network which enables people to switch from the private car.
- Identify viable new links between communities where demand indicated.

The evolution of our network will be guided by our key principles, retaining our operational concepts of:

- Core Network – of services with a frequency of every 15 minutes or better, and primarily all operate on a commercial basis. 76
- Strategic and Secondary Commercial Network - of services operating at less than 15 minute frequency
- Secondary Community Network - which is made up of less frequent services and are partially or wholly sub subsidised by the Combined Authority to maintain socially necessary connectivity.

Our network plans look to expand the core network, delivering more frequent service on more routes and across service hours, with the associated impact on making secondary networks more regular and consistent.

- Expand the number of services and routes so that more people can access a bus that runs every 15 minutes or quicker.
- Ensure buses running on our less frequent routes are more consistent and regular so they can still be relied upon for travel.
- Ensure service frequencies extend throughout the day from early morning until evening and are designed to serve the particular needs of families with children, shift workers and those working in the night-time economy.

Fares and ticketing

9.6.17. The Proposed Franchising Scheme would enable the Combined Authority to reduce the complexities around ticketing and explore a single ticket range covering the entire geography of the scheme. This would look to reduce the

number of fares currently availability and the complexities around competing operator ticketing offers and could see the introduction of a single set of fares, all issued and set by the Combined Authority. This would improve customer experience through simplifying and removing the complexity around the current customer offer.

9.6.18. The ticketing proposition would be grounded in our ambition set out in the BSIP which will set a daily cap “base” fare with passengers never paying more than this price no matter how many journeys they make. The base fare will shape the price of other fare products as follows:

- Single fares will be no more than half the base fare.
- Return fares will be twice single fares less a discount factor.
- Local zone day tickets will be available at less than the base price.
- Season tickets and multiple day ticket prices will be determined using the base price less a discount factor.

9.6.19. The ability to set fares would also overcome current issues of customers making multiple leg journeys involving different bus operators through reducing complexity and allowing for a singular ticket that covers this. The Mayor’s Fares has gone some way to reducing complexity, however this only covers single fares and some operators have retained their single operator tickets. A move towards a simple pricing structure would be easier to access, through a single ticket type and without confusion over multiple apps and ticket types.

9.6.20. Retail channels for fare purchases would be streamlined, with the existing Mcard scheme being used as the West Yorkshire ticketing brand, providing a singular organisational point of purchase.

9.6.21. In terms of pricing, our aim of our ticketing proposition under the Proposed Franchising Scheme is a reduction in the cost of a bus journey as an incentive to encourage more people to travel. This would bring benefits to existing and potential bus users through providing a better value fare structure, whilst it would help our wider ambitions through encouraging modal shift to bus and away from the private car.

9.6.22. Our ambition is that bus fares in West Yorkshire are reduced to match the price of equivalent tickets and products across the country, making bus an

affordable travel option. Additional fares initiatives would be subject to funding as discussed in Section 10.

Customer service and information

9.6.23. The introduction of the Proposed Franchising Scheme would allow the Combined Authority to become the singular point of customer contact for queries and complaints relating to bus customer experience. This would streamline the current process which is complex and confusing to the customer with multiple channels available through individual operators and Metro.

9.6.24. A singular brand would be offered across the network, expanding on the principles of communications that:

- Present existing and potential bus users with a unified, accessible and easy to navigate network.
- Promote usage of the bus network.
- Ensure high frequency buses are easily recognisable to current and future bus users.

9.6.25. The Proposed Franchising Scheme presents the opportunity to take this beyond the current arrangements with operators which are limited by operator specific branding.

9.6.26. Customer services could be offered through a single Combined Authority brand and supported by a single ticketing scheme, building on the successes of the Mcard product. Both of these would be supported by common marketing channels, removing the multiple websites, apps and journey planners that are currently in place. This would simplify the customer offer and provide a streamlined approach to customer service, looking to improve satisfaction in the services provided and confidence in purchasing best value tickets. A more recognisable brand and network would also look to cement the West Yorkshire bus network as a key mode of choice for travel.

Bus Priority

9.6.27. Bus priority, in the context of a franchising scheme, is a longer term aim aligned to the Combined Authority's network, with investment targeted where it is required. The ability for the Combined Authority to set routes and

be responsive to customer demand will create opportunities to improve infrastructure in line with this. It is not expected that this alignment will be in place on day one of the Proposed Franchising Scheme and would not include any additional funding for bus priority.

9.6.28. Our vision for bus priority measures includes bus lanes, bus gates, traffic signal priority, improved kerb spaces and access. Our BSIP also contains an ambitious pipeline of highway infrastructure schemes to support bus priority, currently funded through capital investment via the BSIP settlement and City Region Sustainable Transport Settlement, seeking to implement a regionwide approach through our BSIP.

9.6.29. This will look to build upon the principle of consistency, looking to improve the customer journey and enable quicker, more reliable journeys by bus. Development of the pipeline will be an ongoing process and will be updated alongside the BSIP.

9.6.30. The Proposed Franchising Scheme allows for better coordination of bus priority measures across a network that is set by the Combined Authority due to ability to determine services and routes. In addition, it can be ensured that best utilisation of bus priorities is made by the network leading to network efficiency and improvements in journey time, punctuality and reliability.

Green and Better Vehicles

9.6.31. Under the Proposed Franchising Scheme, the Combined Authority would be able to set vehicle specifications above those in the EP more consistently. This could be realised through Combined Authority fleet ownership or leasing which would enable the setting of fleet specification which could include zero emission buses and onboard facilities.

9.6.32. It is unlikely that acquiring a fully owned CA fleet would be on option on the launch of the first franchising contracts, potentially acquiring some, but not all, the vehicles required. This would therefore see a gradual transition to a fully owned fleet under the scheme and would see use of a residual value mechanism as detailed in section 5.3.11 of the commercial case.

9.6.33. With fleet under Combined Authority control within the Proposed Franchising Scheme, there is the opportunity for standardisation of vehicles

looking to improve the onboard customer experience through consistent standards and branding, and the ability to impact our wider ambition of tackling transport's carbon emissions through introducing a fully Zero Emission Vehicle (ZEV) fleet. This would be more easily achieved than under the EP+ and would not require operator agreement to proceed.

9.6.34. The Operator would receive the use of the vehicles, under Franchise contracts, without charge or for a peppercorn rent. As a result, the value of the gross-cost contract should be lower compared with Operator owned fleet (given the comparatively lower cost of capital of the Combined Authority, relative to the private sector).

9.6.35. Further details can be found in our fleet strategy and commercial case.

Operator engagement

9.6.36. Operator engagement sessions of the Proposed Franchising Scheme was undertaken throughout March-May 2023. This allowed operators to understand the proposals and feedback with any questions or concerns.

9.6.37. There were several concerns flagged regarding the Proposed Franchising scheme including:

- The length of time and cost of implementing a franchising model is a practical challenge.
- Concerns on what cross-boundary services would look like in a franchising scenario.
- Common feedback that recruitment and retention are seen as risks in a potential franchising scenario, as well as the experience of the Combined Authority in fleet and depot acquisition.
- There is a potential risk of operator innovation and investment falling post franchising decision.
- There is a potential risk that not enough SME's have the scope or the resources to take on further work in a potential franchising scenario.
- Depot provision was attractive for operators who would be new entrants to the market.
- It was understood that the tendering process has become onerous and difficult – and that this should be made as simplistic as possible to aid operators in the process.

- We received feedback that penalty clauses, fleet inheritance, revenue risk and commercial risk would all be seen as important decisions in considering submitting a bid in a franchising scenario.

9.7. Summary

9.7.1. This section has outlined two bus reform options that are presented across this Assessment, relating back to the National Bus Strategy. This being:

- Enhanced Partnership Plus

9.7.2. The Proposed Franchising Scheme The variation of both governance models has been explored with key elements and interventions being set out throughout this section.

9.7.3. Engagement with key stakeholders, including market engagement with operators and neighbouring LTAs, have been undertaken to understand what can be achieved under this reform mechanisms and operator proposals on the EP+ have been fed into the EP+ option discussed in this section.

9.7.4. The Enhanced Partnership Plus would see the existing legal agreement with commercial operators strengthened to cover additional improvements across all elements of bus service delivery as set out under the BSIP, as well as the addition of the following policy levers:

- Qualifying Agreements to implement improvements to the bus network using Route Requirements
- Exercising traffic commissioner powers (bus registrations) to manage performance.
- Influence over deployment of zero emission buses

9.7.5. The Proposed Franchising Scheme would see the suspension of the current commercial bus system, with bus services instead contracted by the Combined Authority according to its own specification allowing the Combined Authority to set services, routes, frequencies and standards.

9.7.6. Under the Proposed Franchising Scheme, the Combined Authority would take full control of farebox revenue, and also provide depots and vehicles as part of the service contracts. There would be a staged transition to

franchising across the region, with mixed sized contract bundles to facilitate market competition.

9.7.7. Both options would be implemented West Yorkshire wide and, for the purpose of the Assessment, have been modelled across the other cases with the existing bus network using operator data from the 2021/22 financial year as its base case.

9.7.8. For the benefit of bus customers, both options would involve interventions across each of the five BSIP delivery areas including network enhancements, simpler fares and integrated tickets, streamlined customer service, better aligned bus priority and greener buses. These interventions are all aimed at improving the passenger experience and working towards the ambitions set out in the BSIP in order to address the challenges faces the existing bus system.

10. Assessment of options against objectives and policy

10.1. Introduction

10.1.1. The following section looks to compare the options for bus reform of the EP+ and the Proposed Franchising Scheme against the objectives that are detailed in section 8. It discusses how the EP+ and Proposed Franchising Scheme can deliver against the objectives (section 8) and therefore deliver the organisational priorities for bus as set out in the Combined Authority's LTP and BSIP.

10.1.2. The section is broken down into overarching objectives and sub-objectives and first discusses potential impacts from the EP+ before discussing potential impacts from the introduction of the Proposed Franchising Scheme.

10.1.3. As referenced in section 8 above, the objectives make reference to specific transport, economic and environmental policies that guide the Combined Authority vision, therefore ensuring consideration of the proposed bus reform options in their contribution to these policies. A separate sub-section is included below to show alignment across neighbouring LTA policy.

10.2. Objective one: The whole journey, enhancing the contribution of the bus system towards the Combined Authority's Transport Strategy 2040 and wider policies.

10.2.1. Objective one is broken down across three sub-objectives covering the objectives of the West Yorkshire Transport Strategy 2040, the current LTP as well as being reflective of the economic and environmental policies that align to the wider Combined Authority vision. These therefore reflect improvements to economy, environment and people and place.

Economy: supporting an integrated transport system which provides reliable and improved connectivity to the places where customers need to travel to for work, education, leisure and access to services.

Enhanced Partnership Plus

10.2.2. Under the EP+ the majority of current network arrangements will continue, limiting the impact that this market intervention would have on providing an integrated transport system. The commercial network would continue to be made up of individual operator routes, set and defined by operators, having little impact on the core network across West Yorkshire. It is therefore unlikely that the network, and associated integration and connectivity, would change significantly under this option.

10.2.3. Changes to the network could be more easily agreed through the operator proposed Network Management Group and WYO have agreed to enhance the network through funding three network innovations a year, however the exact scope and funding allocated towards these innovations has not been fully defined.

10.2.4. The EP+ would look to expand on the role of Qualifying Agreements and route requirements, aligned to EP schemes and bus priority where possible. This could allow for route rationalisation and deployment of buses into new or more frequent services elsewhere, however this is limited due to the need to continue competition. It should also be recognised that QAs may take some time to establish, with network decisions under the Proposed Franchising Scheme being able to respond to network integration asks more efficiently.

10.2.5. Whilst QAs may create some network efficiencies for the bus network, the integration with wider transport options would be limited under this option, with arrangements for integration with other transport modes requiring commercial operators to liaise with other organisations who may not be aligned in their ambitions. Positively, WYO have agreed to support mass transit proposals, and have acknowledged active travel within their EP+ interventions, however the outcomes related to this are currently difficult to quantify. The limitations discussed here, restricts the ability for the EP+ to bring wider economic benefits and ties in closely to the network constraints discussed under overarching objective two.

10.2.6. Traffic Commissioner powers would allow for greater accountability directly to the Combined Authority through more direct enforceability when scheme

obligations are not met by bus operators, including allowing for tendering of routes, if operators are unable to meet the route requirements within the de-regulated environment. Utilising this particular mechanism however is likely to be disruptive for the Combined Authority, who would have to find alternative operators for routes.

10.2.7. The KRN powers, allocated to the Combined Authority and our Local Authority partners through devolution, would look to influence the bus network through better targeting investment in bus priority across the KRN. KRN powers are consistent across both the EP+ and the Proposed Franchising Scheme and therefore the ability to deliver benefits across options sees a neutral impact against the objectives.

10.2.8. The EP+ could see opportunities for enhanced data sharing (on passenger boarding, route performance, audited route patronage and annual operated kilometres) and supporting initiatives (network re-investment and network innovation projects mentioned in section 9.5) working alongside the Network Management Group which could improve network connectivity, bus network reliability and reduce some reliance on public funding of the network. Enhanced data sharing protocols could develop this further, if supported by other mechanisms to then ensure the network adapts and responds to economic need by utilising that data.

10.2.9. It should be noted that many interventions are reliant on additional funding, either from operators or the Combined Authority, as set out in section 9.5, and therefore reflect some of the current challenges associated with the existing Enhanced Partnership.

10.2.10. Mechanisms aiming at moving resources between operators, such as network reinvestment, are also dependent on further operator agreements and therefore there is a material risk that they will not be agreed to apply in all cases throughout the period of the EP+.

10.2.11. Fares initiatives can also bring benefits to this objective as they could make bus travel more accessible, especially to those on lower incomes. Interventions that would impact on this include standardisation of ticket products and enhancing journey planning to show best value fares. This would bring some benefits towards this objective but relies on funding being available, both from operators and the Combined Authority. The ability to

deliver these proposals would be neutral across the EP+ and Proposed Franchising Scheme, as, subject to funding, they could be delivered under either model.

10.2.12. Interventions under the EP+ that contribute towards this sub-objective are somewhat limited to network changes and initiatives, some of which are subject to operator agreement and additional public sector funding. Whilst some benefits may be realised, the impact on measures looking to improve public transport access to housing, employment, education/training, healthcare and leisure across the region are limited due to the assumed lack of changes across the network.

Franchising

10.2.13. Under the Proposed Franchising Scheme, the Combined Authority would take the responsibility to plan and deliver a network which can go beyond commercial decisions and respond to wider social and economic needs. This would therefore contribute to this objective in the ability for a more integrated network that could better respond to housing and employment accessibility, subject to funding. It is therefore the only option that allows for real change in the certainty and consistency of network planning and responsibility and therefore an improvement to delivering an enhanced and inclusive network.

10.2.14. The Proposed Franchising Scheme brings the additional strategic benefit of route planning and fare setting, which can be multi-modal across cycle routes, mobility hubs and the planned mass transit system in West Yorkshire. With network planning and fare setting by the Combined Authority, multiple modes could complement each other, allowing for better integrated, multi-modal transport and a seamless customer experience. The benefits of establishing a KRN could also be better exercised through the Proposed Franchising Scheme due to Combined Authority control over setting the bus network and therefore efficiency in investment in bus priority across the KRN, working closely with our Local Authority partners. Whilst some of these benefits could be realised under the EP+ the consistency and certainty of the Combined Authority being able to take ownership over the network overcomes the complexity of negotiation with multiple operators.

10.2.15. The ability to design routes and networks strongly links to outcomes related to employment and productivity, allowing bus customers to get to where they need to go for employment opportunities. It can also help facilitate access to areas of economic growth which may not currently be served well by the bus network. The Proposed Franchising Scheme allows for this to be delivered more efficiently than the EP+ due to the ability to set routes and therefore have control over network planning, which could also lead to improved social outcomes through better access to health facilities and green space. Whilst this is possible under secured service powers in the EP+, the Proposed Franchising Scheme would allow for this to be more efficient and provide more certainty for bus customers in West Yorkshire.

10.2.16. The ability to set fares and ticketing under the Proposed Franchising Scheme also brings significant benefits to this objective. Through a fairer pricing structure, and introduction of additional ticketing products, targeting lower incomes, it allows the bus to become a viable option for a wider range of customers. Whilst these interventions could be explored under the EP+ the efficiency and ease would be greater under the Proposed Franchising Scheme.

10.2.17. The Proposed Franchising Scheme has a strategic advantage over the EP+ in delivering the measures set out in section 7 through the ability to control the network and therefore deliver an enhanced, inclusive network that promotes improved public transport access. In addition, some of the interventions available to the Combined Authority are dependent on operator agreement and additional operator or Combined Authority funding (such as for network innovations mentioned above).

Environment: establishing a transport network that helps to reduce the overall impact of transport on carbon emissions and air quality, and increases our resilience against climate change, including via zero-emission buses

Enhanced Partnership Plus

10.2.18. There are limited impacts that the EP+ would have on our environmental objective in comparison to our reference case, with a gradual transition to

zero emission vehicles likely under any governance mechanism and mirroring commitments already set out in the Reference Case.

10.2.19. Investment in a greener fleet would continue, with ZEBRA style funding continuing to be rolled out further to facilitate additional zero emission buses. This is, however, reliant on additional funding being made available and future partnership bids. The specification of buses through zero emission funding would be partnership led, but if purchase continues through operators (as with ZEBRA round 1) it may be dictated by operator requirements and priorities.

10.2.20. An alternative mechanism to providing additional green vehicles is asking operators to invest in zero emission vehicles on particular corridors, linking either to QAs or bus priority measures. Whilst this would benefit this sub-objective, a limitation of the EP+ would be that the governance mechanism relies on operator agreement. If agreements could be made, this would accelerate progress towards our zero emission bus targets. This would positively contribute to this objective through reducing transport related carbon emissions and improving air quality in targeted areas.

10.2.21. WYO are also exploring the introduction of Green Excellence Transport hubs which could offer EV charging opportunities to local businesses and commitments to green jobs. This is currently limited in scope and relates largely on current planned investment in depots. So, whilst bringing benefits to this objective, this initiative is dependent on continued investment in fleet and depots and operator agreement for third party access onto their land. Benefits related to fleet and depots are also reliant on Government, Combined Authority and WYO funding. It would also be possible to make the same interventions under the Proposed Franchising Scheme where the Combined Authority acquired depots, for similar capital costs (and lower borrowing costs).

10.2.22. Proposals from operators under EP+ also include a commitment to establishing a Green Team Taskforce with specific actions to report into the EP board to support delivery of the zero-emission fleet by 2036. This could support better sharing of information and practice in support of this sub-objective and improve on current arrangements for such actions. However, it

would also be possible to establish such a taskforce under the Proposed Franchising Scheme, as it is not dependent on the governance model.

10.2.23. There is contribution towards this sub-objective in encouraging further investment in greener and cleaner vehicles which will achieve better environmental outcomes and reduce transport's contribution to carbon emissions, helping to achieve some of the measures set out in section 7. There may also be associated air quality improvements which would impact on wider issues such as the health of West Yorkshire's population.

10.2.24. There are limitations to the EP+ governance mechanism in delivering this objective through the need for operator agreement and funding to implement investment. Whilst WYO have committed to implement zero emission buses in the EP+ it is reliant on match funding being made available through central government or the Combined Authority.

10.2.25. Due to limited Combined Authority influence over the commercially led network, delivery against bus mode share and car mode share targets may also be limited, compared to the additional alignment and network powers the Proposed Franchising Scheme could deliver.

The Proposed Franchising Scheme

10.2.26. Under the Proposed Franchising Scheme, the Combined Authority would seek to acquire the fleet assets and depots. This would allow for better coordination and gradual transition to a fully zero emission fleet across the Region. The benefit that franchising brings to this sub-objective is the ability for the Combined Authority to set vehicle specification either through fleet ownership, leasing of vehicles or requirements of franchisees. Whilst a standardised specification for new vehicles is included in the EP+, the Proposed Franchising Scheme could realise this faster due to the mechanisms available through contract requirements and therefore allow for greater consistency for bus customers. Whichever fleet mechanism is chosen to pursue, the Proposed Franchising Scheme is the most able to have certainty as to the realisation of the vision of a zero emission fleet by 2036 due to the direct ability of the Combined Authority to specify, fund and procure the fleet. As for all reform options, the availability of government support will impact the cost of zero emission fleet, and the Combined

Authority will have to consider alternative options if that support is not available (see section 7.3 in financial case).

10.2.27. Related to this sub-objective, the Proposed Franchising Scheme could bring the benefits of better aligned bus priority and delivering an enhanced, inclusive network making bus more competitive relative to the private car. This could impact modal shift, allowing for an enhanced bus mode share and decreased car mode share as set out in measures in section 7.

People and place: enabling a transport system that increases access in a safe, inclusive way that encourages use of bus as part of a multi-modal network

Enhanced Partnership Plus

10.2.28. The network interventions that are being looked at through the EP+ could positively impact this sub-objective, helping to facilitate access across the bus network. However, with route setting still under commercial control, this is likely to have a limited impact and relies on private operators' cooperation through the Network Management Group.

10.2.29. The targets in relation to safety, will be maintained through the EP+. The establishment of a Safety Partnership will look to better understand and act on safety issues and benefits may be seen through this. This complements interventions in the EP+ which look to improve customer service including the commitment to additional customer service training and proposals to introduce a singular point of customer contact, building on the EP Reference Case Customer Charter. It should be noted the Safety Partnership still requires further definition and is reliant on additional public funding, and therefore presents a neutral benefit as this is also something that could be achieved under the Proposed Franchising Scheme.

10.2.30. Standardisation of bus interiors could look to improve accessibility, including provisions for wheelchairs and pushchairs, priority seating and audio/visual information which operators have agreed to adhere to for new buses. This would be complemented by the proposed enhanced bus cleaning programme offering an improved travel environment to bus customers. This would help to deliver this objective, which would take effect over time as new buses were introduced. WYO commitments to roll this out differ in terms of fleet investment, each committing to varying timescales for delivery,

meaning the full benefit of such an intervention would only be seen once all operators had introduced new vehicles.

10.2.31. The EP+ would look to implement some network interventions which may deliver limited benefits in increasing access to culture and green spaces, however these may be limited through availability of additional funding and operator agreement on which interventions should get priority.

10.2.32. Affordability of fares, which is also included as a measure in this sub-objective, may see some improvements through the ability to expand capping schemes and fares interventions by operators. However, it should be noted that these may be limited through availability of funding and operator agreement. The ability to deliver these proposals would therefore be neutral across the EP+ and the Proposed Franchising Scheme as, subject to funding, they could be delivered under either model.

The Proposed Franchising Scheme

10.2.33. The Proposed Franchising Scheme would allow the Combined Authority to specify buses, giving options over fleet ownership and leasing of fleet. The ability to consider fleet specification will enable the Combined Authority to meet their BSIP ambitions of having a consistent customer offer that is designed to meet a high level of accessibility. This would contribute to achieving this objective by providing a consistent offer to customers with standardised accessibility standards. This could be realised in a quicker timescale than the EP+ through use of standards and specifications in franchise contracts.

10.2.34. Consideration of ownership of all bus station assets will also be evaluated, allowing the Combined Authority to ensure branding and specification is consistent across all bus stations, including the acquisition of Wakefield that is currently owned by Arriva.

10.2.35. Customer branding and communications will be designed in an accessible and inclusive way, alongside a single point of contact which will help respond to comments and complaints about safety on the network. Whilst a single point of contact is proposed under the EP+, the complexity of multiple players remains, and detail on how this is to be implemented remains to be worked through. The Proposed Franchising Scheme will also be able to use its franchising contracts to enforce levels of performance and compliance.

10.2.36. The contribution to an integrated multi-modal network can only be fully really under a franchised environment, allowing integration between and within modes to the fullest extent. The ease of this being established through a single organisation goes beyond the commitments of WYO in their support for mass transit proposals and active travel in their EP+ proposals. To further support this, common branding, and ticketing across modes, overseen by a single organisation, will help make public transport a natural and easy choice for West Yorkshire residents and visitors, an intervention only truly realisable under the Proposed Franchising Scheme.

10.2.37. Affordability of fares is neutral across the EP+ and Proposed Franchising Scheme, however the ease of establishing a simpler fares structure is greater under the Proposed Franchising Scheme, allowing for a quicker realisation of benefits.

10.2.38. The Proposed Franchising Scheme delivers greater strategic benefits towards this sub-objective through the certainty and stability it offers towards network interventions and fares structures which would positively contribute towards the measures of increased accessibility of the network and improved affordability of fares.

10.3. Objective two: Improved travel experience for citizens, maximising deliverability of the Combined Authority's Bus Service Improvement Plan by 2030.

10.3.1. Customers are the focus of our ambitions for bus, recognising the need for connectivity and sustainable travel to a thriving regional economy where everyone can build great businesses, careers and lives.

10.3.2. Each of the sub-objectives below are aligned to BSIP delivery areas, which the challenges of bus are set out in the Strategic Drivers Section above, reflecting the priorities for improving the bus offer for customers.

Network: taking people where they need to go, when they need to go, and catering for the complexity of modern travel patterns

Enhanced Partnership Plus

10.3.3. The EP+ relies on the same network mechanisms as the current arrangements, with the network continued to be commercially led with the

network, with frequencies and service standards set by operators. However, under the EP+ there would be a number of network interventions that could contribute to achieving this objective.

10.3.4. As part of the EP+, which is not currently under consideration in the current EP, is the adoption QAs and route requirements on key corridors which may help to provide a consistent customer experience through operators agreeing frequency and timing of services on these corridors. QAs require further negotiation with operators in order to reach agreement about services running on affected routes and the impact of QAs is limited to a small number of corridors in West Yorkshire. QAs take time to negotiate and require cooperation with operators on an ongoing basis to effectively manage but should deliver additional benefits than current arrangements if achieved.

10.3.5. Greater Combined Authority accountability could be seen through the EP+ through use of Traffic Commissioner bus registration powers and route requirements. This would place the authority of enforcement of punctuality and reliability standards with the Combined Authority.

10.3.6. Where route requirements are specified, if operators cannot reach agreement as to how to meet those requirements on a combined basis, then a route would be tendered by the Combined Authority as a slot allocation contract, ensuring that the relevant standards were met. This would ensure that standards were met for these routes but may constrain the willingness of operators to agree to such standards in the EP+.

10.3.7. The EP+ would see the introduction of several mechanisms that could look to improve the network design, albeit in a limited capacity. This includes prioritising QAs to target over bussed corridors, with resource being able to facilitate additional services or routes on other parts of the network.

10.3.8. QAs and associated network rationalisation could move resource around the network for a better customer offer. This presents an opportunity for patronage growth, with a growth in revenue helping to make the bus service more sustainable. However, as noted above, QAs are subject to negotiation with WYO and are limited to a small number of corridors across West Yorkshire.

10.3.9. WYO have agreed to collaborate with the Combined Authority on network design through the Network Management Group. This, in combination with WYO funding for network enhancements through innovation projects, and potential for a re-investment process for saved resources, could help better manage and invest further in the network.

10.3.10. An improved performance regime, exploring remedial plans, could also be explored under the EP+, which would make the Combined Authority more accountable if the network is underperforming. This, however, is subject to further operator agreement.

10.3.11. The network interventions discussed in this section show that the EP+ has the ability to better coordinate integration across the network, with the potential to improve the customer offer. This could lead to improvements in core network coverage, improved service frequency and improved network integration. This would be aided by WYO collaboration including the Network Management Group and the WYO led network interventions. However, due to existing commercial arrangements being maintained, the impact of the network interventions under the EP+ would be limited to those that can be agreed through partnership.

10.3.12. The EP+ is also limited in network interventions due to restrictions on the Combined Authority budgets for de minimis contracts. This is currently the most effective way for the Combined Authority to alter commercial routes, through extension or potential diversion. Spending on this intervention is capped at 25% of the tendered services budget, limiting the ability of the Combined Authority to improve connectivity in this way and therefore reducing the impact of interventions on an integrated network.

The Proposed Franchising Scheme

10.3.13. Under the Proposed Franchising Scheme, the Combined Authority would have the ability to deliver a bus network more suited to social considerations and better designed around the passenger, providing a greater degree of stability and certainty in the bus network provided.

10.3.14. Some initial network interventions would allow for route rationalisation and redeployment of bus service resources, whilst the ability to design and

control the network would lead to the delivery of a longer-term aspirational network, allowing the authority to respond to specific challenges such as accessibility for those communities that face deprivation, inequality and exclusion. This would give the bus network the ability to improve and respond to issues of integration both between bus interchange and multi-modally, subject to available funding.

10.3.15. The ability that franchising has for the Combined Authority to control the network has a significant impact on the customer offer and would influence bus as a key mode of choice by making it more competitive relative to the private car.

10.3.16. The Proposed Franchising Scheme would allow for route rationalisation beyond the abilities set out in Qualifying Agreements and route requirements, subject to affordability. This could provide the customer with better connectivity to places where customers need to travel and would allow bus to be better integrated to the wider transport network.

10.3.17. The Proposed Franchising Scheme allows the Combined Authority to reinvest revenue where appropriate, with network interventions allowing for an enhanced, customer focused network to be developed that better responds to customer need. This contrasts to the EP+ under which operators may choose to invest revenue in networks but may be led by the need to maintain profitability and will be driven by commercial decisions most appropriate for them. Whilst re-investment is proposed under the EP+, the ease of implementing this through a single organisation under franchising could allow for quicker implementation than under the EP+ model.

10.3.18. The ability the Proposed Franchising Scheme offers in oversight and planning of the network best delivers against this sub-objective, allowing the Combined Authority to review the network so that it is taking people where they need to go, when they need to go, and catering for the complexity of modern travel patterns.

10.3.19. The Proposed Franchising Scheme therefore comparably allows for greater delivery against the measures set out in Section 7 through the control and stability it offers over the network, when compared to the EP+. It could therefore add to core network coverage, improved service frequency and

improved network integration in a more coordinated way and more responsive to customer needs.

Fares and ticketing: making paying for bus travel more affordable, easier, convenient and flexible

Enhanced Partnership Plus

10.3.20. As with the current arrangements, fares would continue to be set by commercial operators. However, under the EP+, fares and ticketing arrangements have the potential to be cheaper and better value through further interventions surrounding fare capping, simplification of ticketing and specific targeted schemes. It should be noted that interventions under the EP+ to reduce fare prices would continue to rely on additional public funding being made available and operator agreement, making the benefit neutral across the EP+ and the Proposed Franchising Scheme.

10.3.21. There is the opportunity through the EP+ for multi-operator capping on a wider range of fares, beyond single fare capping seen under Mayor's Fares, to make these products more appealing to customers. Operators have agreed to reviewing adult fare structures and to look at ways to simplify the ticketing offer, which could make them easier for customers. These interventions would have limited impact on the cost of ticketing without significant financial intervention and can be argued to be neutral across the Proposed Franchising Scheme and the EP+ with additional funding needed under both options.

10.3.22. The EP+ would not allow for the removal of single operator tickets, however operators may choose to withdraw them, with one operator signalling their intent to do this in their letter of commitment on the EP+ and wider operators committing to a review of the adult fare structure. However, operators would continue to be able to set their own fares and market them accordingly.

10.3.23. Journey planning enhancements, such as marketing the best value fare, could help to simplify the customer journey and make it more affordable. However, the number of competing stakeholders in ticketing would mean some complexity around ticketing would remain even if capping came into place on a wider variety of journey tickets.

10.3.24. WYO have indicated several interventions which they would look to adopt under the EP+ including an annual fund for fare initiatives, extending concessionary travel, developing a passenger incentive programme and developing journey planning functionality to display best value fares. These could all have an impact on satisfaction with value for money and improve simplicity in the fare structure, whilst also allowing for better ticketing technology and integration. WYO operators have proposed to provide funding for a passenger incentive programme and an annual fund for fares initiatives, but the exact size of these programmes has not been detailed. Extending ENCTS travel and developing journey planning functionality to display best value fares, are subject to additional funding from the Combined Authority.

10.3.25. As with the Reference Case, fares and ticketing interventions would impact customer affordability and allow for an improved customer offer. As detailed above, the EP+ would need to seek additional funding for several interventions, to lower the price of fares for bus users and introduce specific ticketing interventions, making the benefit neutral of those interventions across the EP+ and the Proposed Franchising Scheme.

10.3.26. The EP+ may therefore have some impact on satisfaction with value for money, simplicity of fare structure and improved access to ticketing technology, however it is subject to delivery in partnership and what can be negotiated successfully.

The Proposed Franchising Scheme

10.3.27. The Proposed Franchising Scheme would allow the Combined Authority to set fare prices and ticketing strategy. This would allow the offer to be simplified through investigating opportunities such as provision of a single fare structure, allowing a more transparent pricing structure across bus services in West Yorkshire. This would remove the current offer, which is complex, with a large variety of tickets available to the travelling customer.

10.3.28. The Proposed Franchising Scheme is the only option which would allow for full simplification of fares, as under the EP+ commercial operators could choose to retain their single operator ticketing prices and offers. There is further simplification of ticketing through improvements to customer service

through a single organisation to purchase through and unification of branding through a single branded West Yorkshire channel offering consistency and certainty to West Yorkshire bus customers.

10.3.29. The price point of ticketing and fares under the Proposed Franchising Scheme would allow the Combined Authority to set the best value fares available, rather than relying on commercially led decisions of operators on pricing structure. This would seek to offer better value for money for the customer and is the only option that would be able to fully achieve this. It should be noted price reductions are somewhat reliant on available budget, but the Combined Authority would have control of farebox revenue under franchising and therefore could choose to invest more heavily in fares.

10.3.30. The Proposed Franchising Scheme is therefore better strategically placed to deliver against the measures set out in section 7 in relation to satisfaction with value for money, improved simplicity and improved access to ticketing technology.

Customer service and information: providing passengers with the right tools to travel with confidence and help should their journey not go to plan

Enhanced Partnership Plus

10.3.31. The EP+ has the ability to provide better customer service and information through such interventions as:

- Single point of customer contact.
- Unified branding.
- Joint communications.
- Common set of information across all operators.

10.3.32. WYO have supported these interventions demonstrating how the EP+ could allow for a better integrated customer offer than the Reference Case. In addition, WYO have supported improved customer service training which could impact on customer satisfaction.

10.3.33. As with other interventions across the EP+ the degree to which the objectives could be achieved is to some extent dependent on available public funding. In addition, with several strong brands and communication channels already existing across operators in West Yorkshire, it is unknown

how much the EP+ could achieve in a streamlined, simplification of the customer offer and the improved customer satisfaction this would have. Timescales for interventions, such as fleet rebrand and investment in fleet, differ between operators, meaning the full benefit of these interventions could only be delivered once all operators had new fleet.

10.3.34. The ability of the EP+ to influence measures relating to satisfaction with passenger facilities, increasing real time provision and satisfaction with information provision is therefore very much tied to available investment across the WYO and Combined Authority.

The Proposed Franchising Scheme

10.3.35. The Proposed Franchising Scheme would allow the Combined Authority to offer a single point of contact under a single brand and offering a single app bringing a consistent offer to customers across West Yorkshire. Whilst there is commitment in the EP+ to elements of a unifying brand and establishing a single contact point, there is the potential for less certainty and consistency due to the multiple players involved in developing this offer.

10.3.36. The Proposed Franchising Scheme could allow for improvements to customer service and information, taking this beyond current arrangements which see a plethora of information channels and branding. The Proposed Franchising Scheme could provide a streamlined, unified offering to customers which could improve public satisfaction in public transport through making journeys simpler to make and pay for. Having control over customer service and branding arrangements will also improve the multi-modal offering across transport networks with the possibility of alignment with the planned mass transit network.

10.3.37. The Proposed Franchising Scheme is the only option that allows the full simplicity over customer service and information as complexities will remain under the EP+ with joint work dependent on what can be agreed through partnership and funding from WYO and the Combined Authority. The Proposed Franchising Scheme would therefore better deliver against the measures set out in section 8 with improved satisfaction with passenger facilities, increase in real time provision and improved satisfaction with information provision more likely due to the certainty and control over the network that the Proposed Franchising Scheme enables.

Bus priority: journeying by bus is quicker, and a viable alternative to the private car.

Enhanced Partnership Plus

10.3.38. As with current arrangements, a series of targets exist around punctuality and reliability are set out in the West Yorkshire EP Plan. This would continue under the introduction of the EP+.

10.3.39. One change that could impact this through the EP+ is greater accountability of the Combined Authority using Traffic Commissioner powers. This would place the authority of enforcement of punctuality and reliability standards within the Combined Authority. In addition, the Combined Authority would look to further explore opportunities for remedial plans if commitments to punctuality and reliability are not met. This could drive operational efficiency and improve the customer offer through improvements in punctuality and reliability.

10.3.40. Another mechanism that the Combined Authority would look to enable under the EP+ are route requirements, ultimately allowing for contractual control over key corridors if operators do not meet operational requirements. However, any changes to remedial plans would rely on operator agreement.

10.3.41. WYO have committed to the establishment of an Oversight Group to better plan bus priority, supported by enhanced data sharing, provision of resource to district control centres and a commitment by one operator for an additional role to support acceleration of adoption of Bus Priority measures. These could all aid improvement in reliability, punctuality and journey times, in a way similar to under a franchised model but, with the difference that this would not be tied to performance regimes applied to franchises.

10.3.42. There would be no change to investment in bus priority under the EP+ when compared to EP Reference Case or the Proposed Franchising Scheme. The same limitations apply on the commercial design on the network which presents a risk to best use of bus priority measures and would not fully allow this objective to be realised.

10.3.43. The EP+ may deliver on improvements in punctuality and reliability and decreased journey times but this relies on already existing bus priority

infrastructure pipelines and operator agreement and spending on additional resource. Enforcement, subject to operator agreement, could improve which would incentivise improved operator performance.

10.3.44. The EP+ could therefore deliver benefits to planning and implementation of bus priority through the Oversight Group, but ultimately, the EP+ would have limited impact on the measures set out in Section 8, relying largely on existing infrastructure pipelines.

The Proposed Franchising Scheme

10.3.45. Under the Proposed Franchising Scheme, the Combined Authority would have the ability to enforce high standards of punctuality and reliability through performance regimes applied to each franchise (see further detail in Commercial Case). This could financially incentivise targets set for the franchise, whilst giving the Combined Authority greater accountability for the management of the bus network.

10.3.46. Complementary measures such as bus priority would be able to be better aligned to the network, ensuring they are used effectively, further improving journey times and issues with punctuality and reliability which would be hoped to provide a further boost to patronage.

10.3.47. There is no assumption that under the Proposed Franchising Scheme there would be more money available to implement further bus priority measures. As mentioned above, improvements such as these would be undertaken under any governance mechanism and are therefore neutral across the EP+ and Proposed Franchising Scheme. The difference under the Proposed Franchising Scheme is the ability for the network to respond and make use of these interventions, therefore allowing for a greater impact on punctuality and reliability through ensuring full use of bus priority measures.

10.3.48. Operational delivery would therefore be impacted in reducing poor performance in terms of punctuality and reliability and providing a more consistent service to customers with the Proposed Franchising Scheme realising benefits above that of the EP+ due to the certainty and stability that a franchise scheme could bring to the network as a whole.

10.3.49. The Proposed Franchising Scheme therefore presents a governance mechanism that can better deliver against this sub-objective and the

measures set out in section 8 due to the consistency and control to the bus system that franchising can offer.

Green and better vehicles: improving the onboard experience and making bus a sustainable choice for travel in West Yorkshire.

Enhanced Partnership Plus

10.3.50. Bus assets are a key part of improving operational delivery and providing a consistent customer offer. Under the EP+, existing arrangements on buses would remain with investment in buses being a commercial decision.

10.3.51. Additional funding would be sought to implement more zero emission buses; however, this may be limited by subsidy control and competition rules.

10.3.52. The introduction of additional EP schemes, aligned to QAs, could look to set bus specifications within funding agreements. This would look to accelerate the deployment of zero emission buses and attempt to provide a more consistent on bus offer. The first EP scheme, A61 South, has introduced a bus specification and this would continue under the EP+. These additional EP schemes would be subject to individual agreement with operators, but if achievable could support better targeting of the roll out of zero-emission buses across West Yorkshire.

10.3.53. Under the EP+ there would be a gradual transition to zero-emission buses. This would bring the benefit of newer, cleaner vehicles. The investment would be commercially led, however WYO have suggested alignment on common vehicle standards, that would assist in the consistency of the offer to customers. WYO commitments to roll out vehicle standards and invest in greener vehicle differ across the operators, with this offer only fully realised across West Yorkshire if all operators show equal commitment to fleet investment.

10.3.54. WYO have also committed to a Green Team Taskforce, to better deliver initiatives, and Green Excellence Transport Hubs. However, these are intrinsically linked to the further roll out of zero emission buses and infrastructure and therefore funding availability. They are also possible to

achieve under any reform option, so could be achieved under the Proposed Franchising Scheme if funding was available.

10.3.55. This would contribute to measures set out in section 8 through increasing the number of zero emission buses, however it would be limited to what could be agreed on through partnership and may rely on substantial public sector match funding.

10.4. The EP+ would not accelerate the roll out of zero-emission buses compared to the Reference Case, but additional levers through funding agreements linked to QAs would be investigated to encourage operators to invest in zero emission buses in particular areas.

The Proposed Franchising Scheme

10.4.1. Under the Proposed franchising Scheme, the Combined Authority would look to manage the fleet and take control over the specification of buses. This would look to improve the onboard customer experience and lead to a standardised onboard customer offer, supported by unified branding and communications. This is currently limited by commercial operators who have a mixed fleet which varies across the region, with a mix of branding and communications.

10.4.2. The Proposed Franchising Scheme is the only option that allows for a fully Combined Authority led transition to zero emission vehicles allowing for a consistent level of customer service across asset provision. Whilst commitments have been agreed through the EP+ with operators, the ease and stability offered through franchise contracts allows for better implementation under the Proposed Franchising Scheme.

10.4.3. The Proposed Franchising Scheme would offer a strategic benefit over the EP+ and the Reference Case in regard to achieving this objective due to having the assured control over fleet decisions and not relying on negotiation with bus operators and available match funding to increase the number of zero emission buses.

10.5. Value for money, deliverability and affordability

10.5.1. The objective around value for money and affordability and deliverability is satisfied through the remaining cases in the assessment under the following statement:

Policy-led objectives will need to be balanced against the need for the bus system to be affordable, deliverable, and to offer good value for money – these aspects will be tested through the economic, financial, commercial and management cases.

10.5.2. In order to assess value for money the following are true:

- The Value for Money (VfM) of the two reform options compared to the Reference Case is considered in the Economic Case, with conclusions on the VfM presented in Chapters 12 and 13 specifically.
- The Economic Case presents the results of quantifying the monetised impacts of the EP+ and the Proposed Franchising Scheme and draws them together with non-monetised impacts.
- The conclusion of the Economic Case is whether either of or both Reform options are justifiable from a VfM perspective, rather than a direct comparison of the two options to identify a preferred option.

10.5.3. In order to assess affordability, the following are true:

- The Financial case presents the level of service provided within the assumed affordability envelope for each of the reference case, the EP+ and the Proposed Franchising Scheme in sections 5, 6 and 7 respectively.
- The levels of service provided have been amended to compare the options for the same level of affordability.

10.5.4. In order to assess deliverability, the following are true:

- The three different options have been assessed against common Commercial Success Factors in Sections 3-5 of the Commercial Case.

10.6. Neighbouring Authorities

10.6.1. Section 123B of the DFT Franchising Scheme Guidance (2017) requires authorities to consider, as part of their assessment, whether and the extent to which the Proposed Franchising Scheme would contribute to the implementation of their local transport plan policies and any other of their published and adopted policies that affect local bus services, for example an environmental policy. Similarly, the authority or authorities are required to consider whether the proposed scheme would contribute to the implementation of neighbouring authorities local transport policies and other policies which affect their local bus services.

10.6.2. Table 4 in section 3.6 summarised the key objectives for neighbouring LTAs to West Yorkshire across their LTPs and BSIPs. Table 5 also looks to identify key economic and environmental policies that may impact transport such as decarbonisation plans that impact zero emission fleet investment.

10.6.3. To understand impacts in greater detail the Combined Authority undertook a number of engagement sessions with neighbouring LTAs, a full list can be seen in the table below.

Table 19: Neighbouring Local Authorities engaged with

LTA name
North Yorkshire County Council
Lancashire County Council
Derbyshire County Council
South Yorkshire Combined Authority
Greater Manchester Combined Authority

10.6.4. The sessions focused on the following themes:

- Timeline/roadmap/chronology
- Objectives for Bus Reform
- Options for Bus Reform
- Cross-boundary services

10.6.5. The key feedback that has fed into the strategic case is around objectives and options for bus reform. Consideration of cross-boundary services is also

acknowledged to have some impact and is further covered in the Commercial Case. The feedback is summarised in the table below:

Table 20: Feedback on LTA engagement

Theme	Feedback
Objectives	Key similarities on the objectives across neighbouring LTAs Positive feedback on consideration of neighbouring LTA policies Understanding how any objectives have altered through bus reform processes. Importance of retaining network for cross boundary services
Options for bus reform	Recognition of the strength of the West Yorkshire Bus Alliance Challenges in deliverability of the EP+ interventions Time constraints noted in potential franchise process Further exploration of asset challenges may be required Risk can be mitigated in considering route packing in the Proposed Franchising Scheme
Cross-boundary services	Potential disparities between neighbouring LTAs that are/are not franchised Service permit regime impact on vehicle requirements Consideration of market impacts on neighbouring authorities Ensuring continuation of cross-boundary services

10.6.6. The impacts have been considered across neighbouring LTA's policies and are summarised in the table below in regards to the EP+. The table describes any impacts foreseen which would impact the delivery of transport and other policies in neighbouring LTAs (listed in table 4 and 5) and relates these back to the customer offer, revealing any impacts on passengers.

Table 21: Local Authority policy impacts for the EP+ option

Local Authority	BSIP Objectives	LTP objectives	Economic policy	Environment policy
North Yorkshire	Some positive impact	Neutral / minor impact	Neutral / minor impact	Neutral / minor impact

	There are a number of important strategic links to North Yorkshire particularly for Leeds and Bradford. Potential for minor impact in helping to deliver improved information for cross boundary services and continuing to maintain cross boundary links. WY objectives would support ticketing reform/fares support. Potential for improved delivery of zero emissions vehicles. Potential for budget pressures to reduce services which may impact cross boundary travel. Potential for impact of bus priority on speeding up journeys.	Potential for minor impact through any network interventions, acknowledging budget pressures and potential impact on cross boundary services. Would support more sustainable, cleaner travel through introduction of more zero emission buses (which may be used cross boundary particularly on strong North Yorkshire bus links to Harrogate).	Potential for minor impact through delivering more zero emission buses in West Yorkshire which may run cross boundary.	Potential for minor impact through delivering more zero emission buses in West Yorkshire which may run cross boundary.
Derbyshire	Neutral / minor impact Few services operate into Derbyshire but potential to build on current EP ticketing interventions ensuring affordability. Some impact on environmental sustainability through increase in zero emission vehicles.	Neutral / minor impact With few services operating into Derbyshire this is likely to have little/no impact. Shared zero emission ambitions could help improve environmental sustainability of services.	Neutral / minor impact With few services operating into Derbyshire this is likely to have little/no impact. Shared zero emission ambitions could help improve environmental sustainability of services.	Neutral / minor impact Shared zero emission ambitions could help improve environmental sustainability of services.

	Potential for negative impact on connectivity if budget constraints require further route reductions.			
Greater Manchester	Neutral / minor impact There are a few cross boundary links across the West Yorkshire and Greater Manchester border, however the EP+ interventions are unlikely to impact Greater Manchester's ambitions in a significant way. As with other LTAs, there is financial pressure on the existing network which has the potential to impact routes.	Neutral / minor impact No impacts are foreseen apart from potential for zero emission fleet increase across both authorities.	Neutral / minor impact Network is not predicted to be enhanced through the EP+ so would not deliver improved connectivity. Minor impact on low carbon transport through roll out of zero emission buses through both regions.	Neutral / minor impact Minor impact on low carbon transport through roll out of zero emission buses through both regions.
South Yorkshire	Some positive impact There are a number of important strategic links with South Yorkshire, particularly for Wakefield and Kirklees. Shared ambitions for zero emissions	Neutral / minor impact It is important to maintain the connectivity between South Yorkshire and West Yorkshire to connect to economic opportunities.	Neutral / minor impact There are a number of important strategic links with South Yorkshire, particularly for Wakefield and Kirklees.	Neutral / minor impact Minor impact on zero emission transport through roll out of zero emission buses through both regions.

	buses may improve BSIP outcomes for both authorities, whilst improved customer information may have dual impact.	There are limited network interventions through the EP+ and continued financial implications for the current bus network. Affordability is a common goal across South Yorkshire and West Yorkshire.	Shared ambitions for enhancing productivity through transport, however the EP+ is unlikely to deliver network enhancements.	
Lancashire County Council	Neutral / minor impact There are a number of links to Lancashire particularly from Bradford. The EP+ is likely to have no impact on frequency and reliability of services but will continue to build on an improved fare offering which could be explored with neighbouring authorities (subject to funding). Higher specification of buses will be encouraged through roll out of zero emission buses across all services.	Neutral / minor impact Unlikely to have an impact apart from through roll out of zero emission buses. Network is unlikely to change under the EP+, links to Lancashire envisaged not to change but continuing financial pressure may impact this.	Neutral / minor impact There are a number of important links to employment, housing and learning sites across the shared boundary. The EP+ is unlikely to impact connectivity due to limited network changes.	Neutral / minor impact Some minor impact may be seen as zero emission buses are rolled out across both authorities.

10.6.7. The table above shows that largely the EP+ is having little impact across neighbouring authorities' policies and strategies, however some positives may be seen in introduction of higher specification buses. The neighbouring authorities with important strategic links (North Yorkshire, South Yorkshire and Lancashire) are also more likely to benefit from targeted improvements which could be introduced through the EP+ to improve corridors.

10.6.8. The impacts of passengers through the introduction of the EP+ are likely to be focused on cross-boundary travel in relation to network interventions and improved specification of buses. It should be noted that these are likely to be minimal due to largely neutral/minor impacts discussed in the above table.

10.6.9. The impacts the Proposed Franchising Scheme on neighbouring transport authorities and their transport policies is summarised in the table.

Table 22: Local Authority policy impacts for Franchising option

Local Authority	BSIP Objectives	LTP objectives	Economic policy	Environment policy
North Yorkshire	Some positive impact There are several key strategic services that link North and West Yorkshire. The Proposed Franchising Scheme may allow for reinvestment into services to improve connectivity. The Combined Authority would also look to support ticketing reform and fares support which may benefit cross boundary travel. Simplicity of ticketing within West Yorkshire would be achieved, with potential to work with neighbouring authorities.	Neutral / minor impact There are several key strategic services that would be important to maintain under the Proposed Franchising Scheme. These would operate under a permit regime which may impact vehicle specification. The aim within the Proposed Franchising Scheme would be to maintain the connectivity of services and potentially expand under a longer-term vision.	Neutral / minor impact Cross boundary services would be impacted through an increase in electric vehicles which would be consistent across the EP+ and Proposed Franchising Scheme.	Neutral / minor impact Cross boundary services would be impacted through an increase in electric vehicles which would be consistent across the EP+ and Proposed Franchising Scheme.

Derbyshire	Neutral / minor impact There are few services that operate across this boundary. The Proposed Franchising Scheme brings with it the possibility to work towards a longer-term aspirational network which could look to enhance cross boundary travel and connectivity, but this would not be an immediate priority. The Combined Authority would look to support ticketing reform and fares support which may benefit cross boundary travel.	Neutral / minor impact There would be a minor impact in introducing zero emission vehicles and potentially through improving the specification of safety elements of vehicles.	Neutral / minor impact There are few services that operate across this boundary as little impact in network is foreseen.	Neutral / minor impact There are few services that operate across this boundary. A small impact may be seen in the increase of zero emission vehicles.
Greater Manchester	Neutral / minor impact There are few services that operate across this boundary. The Combined Authority would look to work with Greater Manchester as a fellow franchising authority to understand how best to achieve shared aims on connectivity across shared boundaries. Some issues have been flagged in cross boundary travel across franchising authorities and permit regimes. Providing customers with a safe and seamless travel experience.	Neutral / minor impact There are few services that operate across this boundary and small improvements may be seen in an improved zero emission bus offer across the two regions.	Neutral / minor impact There are few services that operate across this boundary and small improvements may be seen in an improved zero emission bus offer across the two regions. Network interventions may follow at a later date	Neutral / minor impact There are few services that operate across this boundary and small improvements may be seen in an improved zero emission bus offer across the two regions.

	Affordability and simplicity of ticketing is key to both authorities.			
South Yorkshire	Some positive impact West Yorkshire shares several key strategic links across the boundary to South Yorkshire. With both regions exploring franchising it is important to understand the future network aspirations for cross boundary to improve the bus offer and protect/enhance services. If franchising was adopted across both authorities improvements would be seen in customer service, bus experience and zero emission buses. Ticketing affordability is important to both authorities.	Some positive impact West Yorkshire shares several key strategic links across the boundary to South Yorkshire. With both regions exploring franchising it is important to understand the future network aspirations for cross boundary to improve the bus offer and protect/enhance services. The Proposed Franchising Scheme in West Yorkshire could improve and standardise bus specification, highlighting safety as an important factor.	Some positive impact It is important to maintain the links between West Yorkshire and South Yorkshire to drive economic growth and productivity.	Neutral / minor impact With shared ambitions for zero emission and low carbon services across both regions it is likely that overall bus specification will improve, however this will not necessarily be influenced by the Proposed Franchising Scheme

Lancashire County Council	Some positive impact There are several important cross boundary links with Lancashire linking areas of economic activity, education and healthcare. The Proposed Franchising Scheme allows the Combined Authority to improve planning of bus services which may bring benefits to cross boundary services. Improvements will be made to bus specification, however this would be the same as that under the EP+.	Neutral / minor impact There will be a minor impact on environmental quality due to improvements in zero emission buses, but this remains constant under both reform options. Cross boundary links between West Yorkshire and Lancashire will be important in access to services and the Proposed Franchising Scheme may help explore these further.	Some positive impact Cross boundary links are important to maintain and the Proposed Franchising Scheme will ensure money can be reinvested into the network, whilst the network can be determined on more of a social basis.	Neutral / minor impact With shared ambitions for a sustainable, low emission bus service across both regions it is likely that overall bus specification will improve, however this will not necessarily be influenced by the Proposed Franchising Scheme

10.6.10. In summary, the proposals under the Proposed Franchising Scheme are likely to have some minor impacts and some positive impacts on neighbouring LTAs strategies and policies and may bring benefits to the network.

10.6.11. The impacts on passengers through the introduction of the Proposed Franchising Scheme are likely to be focused on cross-boundary travel in relation to network interventions and improved specification of buses. There may be larger customer impacts on neighbouring authorities with more cross-boundary services such as North Yorkshire and South Yorkshire.

10.6.12. Neighbouring authorities flagged the continuation and potential disruption of cross-boundary services as a permit regime is introduced as a slight concern through the engagement exercise.

10.7. Summary

10.7.1. This section has evaluated the EP+ and the Proposed Franchising Scheme used across this Assessment to understand how it will deliver against the objectives for West Yorkshire set out in section 8.

10.7.2. It has demonstrated the strategic benefits of the two bus reform options being considered through the Assessment, showing both deliver benefits when compared to the Reference Case, albeit to differing degrees.

10.7.3. The Combined Authority objectives which see the most benefit from bus reform are those relating to the network, fares and ticketing, and customer service and information, due to the interventions available through the EP+ and Proposed Franchising Scheme that can impact these objectives more consistently.

10.7.4. The gains in relation to bus priority and green and better vehicles are less clear under bus reform, due to the reliance on additional funding. But both show an improvement against the reference case.

10.7.5. The table below summarises whether the bus reform governance mechanism would see impact against the objectives.

10.7.6. Red (with x mark) represents no change, amber (with – mark) partially achieved and green (with ✓ mark) fully achieved.

Table 23: objective deliverability against options

Overarching Objective	Sub-Objectives	EP	EP+	Franchising
The whole journey, enhancing the contribution of the bus system towards the Combined Authority's Transport Strategy 2040 and wider policies.	**Economy:** supporting an integrated transport system which provides reliable and improved connectivity to the places where customers need to travel to for work, education, leisure and access to services.	X	-	✓
	Environment: establishing a transport network that helps to reduce the overall impact of transport on carbon emissions and air quality, and increases our resilience against climate change, including via zero-emission buses.	-	✓	✓
	People and place: enabling a transport system that increases			

	access in a safe, inclusive way that encourages use of bus as part of a multi-modal network	-	-	✓
Improved experience for citizens, maximising deliverability of the Combined Authority's Bus Service Improvement Plan by 2030.	**Network**: taking people where they need to go, when they need to go, and catering for the complexity of modern travel patterns.	X	-	✓
	Fares and ticketing: making paying for bus travel more affordable, easier, convenient and flexible	-	-	✓
	Customer service and information: providing passengers with the right tools to travel with confidence and help should their journey not go to plan	-	-	✓
	Bus priority: journeying by bus is quicker, and a viable alternative to the private car.	X	-	-
	Green and better vehicles: improving the onboard experience and making bus a sustainable choice for travel in West Yorkshire.	-	✓	✓

10.7.7. The table demonstrates that both the EP+ and the Proposed Franchising Scheme deliver better against the objectives for bus reform than the EP Reference Case, with the Proposed Franchising Scheme further performing better than the EP+. Whilst the EP+ does offer a number of improved impacts compared to the reference case, it has limitations compared to the Proposed Franchising Scheme due to many of the interventions under the EP+ being subject to ongoing operator agreement and in some cases further funding. In contrast, the ability for the Combined Authority to impact BSIP delivery areas is much more fully felt under the Proposed Franchising Scheme. This largely relates to the franchising powers that would allow the Combined Authority to set routes, frequency, fares, and overall standards of buses in the region.

10.7.8. This section has also explored the impact of neighbouring LTAs. It recognises that the most important impact will be felt on cross-boundary services if the Proposed Franchising Scheme were to be implemented. This could impact objectives which relate to network and fares and ticketing. Comments from neighbouring LTAs also highlighted the impact of service permits on fleet, with any requirements for greener vehicles a key

consideration. Overall, however, the impact of both reform options on strategies and policies of neighbouring LTAs is minor, with some small positive benefits.

11. Conclusion

11.1. The Strategic Case has considered the policy context for bus reform recognising the key role of the National Bus Policy and West Yorkshire Bus Service Improvement Plan in shaping bus reform governance objectives and options.

11.2. The context for bus reform has been considered, looking at travel demand and flows, population demographics and economic situation of the region and relating this back to why bus matters – recognising it is the most widely used and relied upon form of public transport in West Yorkshire.

11.3. The customer and operator context outlined the challenges around falling bus patronage and financial stability of operators which are impacting the offer to citizens across the region. This has resulted in:

- Declining network mileage
- Increased pressure on tendered services budget
- Increased public funding on purely maintaining bus network.

11.4. The drivers for change have been considered, demonstrating key challenges across the five delivery areas of the BSIP: network, fares and ticketing, customer service and information, bus priority, and greener and better vehicles.

11.5. These challenges provide context for the objectives of the strategic case which look to tackle policy issues from the Local Transport Plan (economy, environment and people and place) and the BSIP.

11.6. The objectives, formed around the challenges, seek to improve the bus system and strengthen its contribution to the wider objectives surrounding economic, environmental and social outcomes across West Yorkshire. The measures used within the objectives strongly relate back to these challenges recognising the alignment between challenges, objectives and measures.

11.7. The objectives are structured over several tiers to show the central role that bus reform holds not only in specific bus related policy, but to achieve our ambitions on wider transport and organisational policy.

11.8. Achieving these objectives would help to support the bus market in West Yorkshire and reverse some of fundamental challenges it faces, allowing for

an improved customer service and providing financial stability. It would also strengthen the role played by the bus system in supporting the region's economic growth, decarbonisation and placemaking.

11.9. The two options for reform are discussed through section 9 covering the requirements of the National Bus Strategy. Both governance models set out under the Bus Services Act and can take varying forms. The variation of these models for the purpose of the assessment have been developed through internal and external engagement and consist of:

- Enhanced Partnership Plus (EP+) – The EP+ would see the existing legal agreement with commercial operators strengthened to cover additional improvements across all elements of bus service delivery as set out under the BSIP, as well as the addition of levers such as Qualifying Agreements and adoption of Traffic Commissioner Bus Registration powers.
- Franchising scheme – a proposed scheme that sees the removal of the current commercial system with bus services being defined and operated by the Combined Authority. Under the Proposed Franchising Scheme, the Combined Authority would take full control of farebox revenue, and also provide depots and vehicles as part of the service contracts. There would be a staged transition to franchising across the region, with mixed sized contract bundles to facilitate market competition.

11.10. There are a variety of benefits to bus reform, and these are explored through BSIP delivery areas, demonstrating the potential improvements and interventions that could be seen under the implementation of the EP+ and Proposed Franchising Scheme.

11.11. The BSIP delivery areas that would see most benefit under both the EP+ and the Proposed Franchising Scheme are Network, Fares and Ticketing, and to a lesser extent Customer Service and Information.

- Network – the EP+ could lead to greater rationalisation and resource redeployment across the network, with several immediate interventions explored through later cases in this document. Quality Agreements and Traffic Commissioner bus registration powers would allow for some improvements, albeit this would rely on operator agreement. The benefit

that the Proposed Franchising Scheme brings above and beyond that of the EP+ is the control and certainty over the network, allowing the Combined Authority to stabilise the bus network for the customer and reinvest revenue in a way that could further enhance the current network. It would also allow for flexibility in network planning and go beyond commercial profit drivers and decisions. The Proposed Franchising Scheme could also offer better integration across the bus network and multi-modal integration across other public transport modes, mobility hubs and the future mass transit network.

- Fares and ticketing – the EP+ could look to extend the current fare capping that is in place through the Mayor's Fares campaign looking to cover a wider range of tickets, simplifying and making the customer offer more affordable. Any ticketing interventions in the EP+ would rely both on operator agreement and available funding. Under the Proposed Franchising Scheme, the Combined Authority would look to set fares and ticketing, further simplifying the offer by removing the multiple operators and retail channels seen under the EP+. This could bring wider benefits to affordability and simplicity than the EP+ along with the greater benefit of multi-modal integration in line with the future mass transit network.
- Customer service and information – the EP+ would look to build on the existing partnership by working closely with operators on joint communications campaigns and providing a single point of customer contact. The Proposed Franchising Scheme allows for a further simplification of the customer offer with one point of contact through a single body with communications fully aligned and coming under a singular brand.

11.12. The exploration of the options for reform demonstrate that both could deliver over and above that of the EP Reference Case and would improve the bus system across West Yorkshire.

11.13. Section 10 looks to assess options against objectives. Whilst there are clear benefits of working in partnership with operators through the EP+, there remains fundamental challenges in delivering the EP+ which largely relate to ongoing operator agreement and the need for additional funding to deliver

interventions, therefore making some of the EP+ proposals neutral under both bus reform options.

11.14. The simplicity and ease of delivering the interventions set out for the Proposed Franchising Scheme would provide better control and certainty to bus customers, as demonstrated through the assessment of options against objectives in section 10. This section shows there is a greater ability to achieve the objectives set out in the Strategic Case under the Proposed Franchising Scheme due to the powers that allow the Combined Authority to set routes, frequencies, fares and overall standards of buses.

11.15. The conclusions on the strategic benefits of the Proposed Franchising Scheme, which go above and beyond that of the EP+, should be considered alongside the conclusions of the Economic, Financial and Management Cases which consider the value for money, affordability, and deliverability of bus reform options and all further support the Proposed Franchising Scheme as a viable bus reform option.

11.16. The Proposed Franchising Scheme demonstrates the greatest strategic benefits across the bus reform objectives especially relating to interventions across the network, fares and ticketing, and customer service and information delivery areas. This brings greater opportunity to achieve the Combined Authority's wider objectives and ambitions for West Yorkshire, compared to the EP Reference Case and the EP+.

West Yorkshire Combined Authority

Tracy Brabin Mayor of West Yorkshire

Bus Reform Assessment Economic Case

Final Economic Case

September 2023

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1. Introduction

1.1. Background and Context

1.1.1 The purpose of this Economic Case is to demonstrate the Value for Money of alternative Bus Reform options for West Yorkshire Combined Authority, with reference to HM Treasury's Green Book Guidance[1] and DfT's Franchising Guidance[2].

1.1.2 Green Book Guidance requires that the value of the considered options to different user and other affected groups be assessed. All relevant costs and benefits are to be valued in monetary terms unless it is not appropriate or possible to do so. The Green Book approach assesses the impact of different options on social welfare at a national scale, rather than just in the region where the option is immediately located.

1.1.3 It also states that option appraisal should be undertaken to lead to the identification of a preferred option that represents an acceptable balance between costs, benefits and risks to society and the public sector, allowing for any unquantifiable factors which could affect a decision.

1.1.4 The Franchising Guidance states that the purpose of the assessment is to ensure that the authority, in this case West Yorkshire Combined Authority, has sufficient information on the impacts, risks, and practical implications of Franchising before making any decision on Bus Reform. This Economic Case, along with the other four Cases provides that information.

1.1.5 Of particular relevance to this Economic Case, is the part of the Guidance that states "the legislation does not require the authority…to pass a particular test or prove that Franchising will deliver particular outcomes". This means that there is no specific Net Present Value (NPV), or Benefit-to-Cost Ratio (BCR) threshold requirement for Franchising, or any other Reform option, for the Combined Authority to decide to pursue Franchising.

[1] The Green Book, HM Treasury
[2] The Bus Services Act 2017: Franchising Scheme Guidance

1.1.6 To address the requirements of the Green Book and the Franchising Guidance in the context of bus services in West Yorkshire, this Economic Case establishes a Reference Case (RC) which is the expected future bus network and services that would be operated without any Bus Reform or significant intervention from the public sector. The two Reform options introduced in the Strategic Case, Enhanced Partnership Plus (EP+), and Franchising, are compared with this Reference Case.

1.1.7 This Economic Case presents the differences between the three options, and the impacts of these differences on bus passengers, operators, the public sector, and wider society. It discusses how the modelling and appraisal framework underlying this Assessment is appropriate and how it quantifies the impacts of Reform where possible.

1.1.8 The results of the forecasting and appraisal framework are presented, in terms of the benefits, revenues, and costs of each option appraised. Where possible, the distribution of these impacts[3] across different groups in society (including passengers, West Yorkshire Combined Authority, other authorities, bus operators and wider society) has been presented.

1.1.9 The Economic Case concludes by presenting the Net Present Value (NPV) of monetised impacts and a resulting Value for Money (VfM) appraisal of each option, the latter of which is a key element of the fourth activity set out in the Franchising Guidance (detailed assessment of options).

1.1.10 To address the requirements of the Green Book Guidance and Franchising Guidance, this Economic Case is presented across the following twelve sections:

- Section 2 – **Impacts of Bus Reform** sets out what is expected to happen to bus services in the Reference Case as well as interventions which are deliverable under each Reform option. It provides the rationale for how changes to services will benefit bus users and West Yorkshire more widely; and in doing so deliver against the objectives for Reform.
- Section 3 – **Approach to Demand, Revenue and Cost Forecasting** presents the approach to forecasting passenger demand, revenue and

[3] The distribution of impacts has been considered and presented as per TAG Unit A4.2 Distributional Impact Appraisal

operating costs under each of the Reform options and describes the scenarios which have been considered and assessed.

- Section 4 – **Unconstrained[4] Demand and Revenue Forecasts** presents the methodology and forecasts of changes in demand and revenue under each of the Reference Case, EP+ and Franchising options.
- Section 5 – **Unconstrained Forecasts of Cost of Bus Reform** presents the methodology and forecasts of the cost impacts of transition and of operating bus services under each option.
- Section 6 – **Demand, Revenue and Cost Forecasts** provides an overview of the key results resulting from forecasting revenue and operating costs under each of the Reform options.
- Section 7 – **Approach to Appraisal of Impacts** discusses the methodology used for quantifying the impacts of Bus Reform, relative to the Reference Case.
- Section 8 – **Impacts on the Economy** presents the impacts of EP+ and Franchising interventions that directly affect the economies of West Yorkshire and the UK more widely as well as the implications of Reform for bus operators.
- Section 9 – **Impacts on the Environment** presents the environmental impacts of EP+ and Franchising.
- Section 10 – **Impacts on Society** presents the social impacts of EP+ and Franchising.
- Section 11 – **Impact on Public Accounts** presents the relative costs of Bus Reform on the Combined Authority's budget and on wider public finances.
- Section 12 – **VfM Appraisal Outputs** discusses potential uncertainty in the outputs from the appraisal and how this impacts the case for EP+ and Franchising options. The outputs are presented in the standard reporting

[4] In this context 'unconstrained' refers to forecasts of demand, revenue, and costs before the trimming and cutting processes are applied to identify which services are run commercially, supported by the Combined Authority, or are cut. These processes ensure that the West Yorkshire bus service network operated remains financially sustainable for operators and the Combined Authority. A full description of the modelling methodology is in Chapter 3 of this Economic Case.

tables from DfT's Transport Appraisal Guidance (TAG[5]), including Analysis of Monetised Costs and Benefits (AMCB) tables, which illustrate the derivation of the Net Present Value (NPV), which the Franchising Guidance places the most importance on of the standard monetised appraisal metrics. The section brings together the VfM appraisals of the EP+ and Franchising options as a Value for Money Statement.

- Section 13 – **Conclusions** considers the VfM assessment alongside how each Reform option delivers against the objectives stated in the Strategic Case. It concludes whether there is a case for EP+ and/or Franchising from an Economic Case context and gives consideration to the other factors that will need to be considered in the final decision of which Reform option to pursue.

[5] https://www.gov.uk/guidance/transport-analysis-guidance-tag

2. Impacts of Bus Reform

2.1. Introduction

2.1.1 This Section introduces the options for Bus Reform, including the Reference Case, as set out in the Strategic Case. It discusses the changes to the Combined Authority's influence over the bus network and responsibilities under each option, and the interventions and network enhancements which are deliverable under each Reform option. It provides a rationale for how changes to services will affect bus users and West Yorkshire populations more widely, and discusses which of these impacts have been captured in the modelling and appraisal of each option. The section concludes with discussion of the impacts during the transition stage of both options.

2.1.2 The bus network, in terms of the number and routes of services, will differ between the Franchising and EP+ options. In terms of the Assessment the options differ whilst being delivered with same West Yorkshire Combined Authority budget available for each option, including because of differences in the margin which operators would expect between services where they take revenue risk[6] and those where they do not. In addition there may be future changes made to the bus network, subject to outturn funding availability and how the Combined Authority applies the influence over the network it has in each option.

2.1.3 The ability and control West Yorkshire Combined Authority has of delivering other network interventions differs between Reform options. These differences combine to result in different impacts on bus users and on outcomes for West Yorkshire more widely.

2.1.4 The Reform options available to the Combined Authority are described in the Strategic Case, which describes the background for Reform and sets out how Reform options have been selected for this Assessment (Section 7 of the Strategic Case). The two options which have been further analysed in

[6] As described in Sub-section 9.5 of the Strategic Case, the Franchising Option which West Yorkshire Combined Authority has defined, and is considered in this Economic Case, includes full transfer of Franchised service revenue risk from the private to public sector, that is a Gross Cost model

this Economic Case are Enhanced Partnership Plus (EP+), and Franchising, both of which are compared against the Reference Case. Demand, revenue and benefits forecasts have therefore been forecast for the reference case (Enhanced Partnership) plus the two bus reform options considered:

- Enhanced Partnership Plus (EP+)
- Franchising

2.1.5 The two Reform options are appraised against the Reference Case. The Franchising Guidance requires the setting out of a reasonable Reference Case against which the appraised options can be assessed. As described in the Strategic Case, a continuation of the existing Enhanced Partnership has been assumed to be a reasonable Reference Case for the purposes of the Assessment.

2.1.6 The EP+ option includes changes to the existing West Yorkshire Enhanced Partnership[7] which includes negotiating agreements with operators further towards the limit of what is possible under the Enhanced Partnership legal framework. The option includes changes to the Partnership in areas including fares and ticketing, bus priority measures, customer experience, and the frequency and extent of the bus network.

2.1.7 A Franchising scheme provides full control of the bus network to West Yorkshire Combined Authority, with bus operators being required to bid for the right to provide bus services through a competitive tender process. Franchising provides the Combined Authority with the greatest degree of flexibility to define bus services in West Yorkshire but also brings it higher levels of risk, some of which is currently borne by the private sector.

2.1.8 The table below summarises the Reference Case and the two Reform options and the Combined Authority's level of control and responsibility for various elements of the bus network. It is noted that a range of the potential enhancements listed for the options, for example fare reductions/ capping, would need specific future funding to be secured. Effectively uncommitted funding has not been included within this Assessment; all three options have been appraised with the same base budget availability.

[7] West Yorkshire Enhanced Partnership Plan

Table 1: Summary of Reference Case, EP+ and Franchising Options

	Reference Case	**EP+**	**Franchising**
Fares and ticketing	Capped fares as per 'Mayor's Fares'	Multi-operator ticket fare reduced Capped fares (including reduction) Additional concessionary schemes	Full control of franchised services Single sales channel/app
Bus priority/reliability	Investment in bus priority/ reliability measures as funding allows	Investment plan targets Shared traffic control room	Full control
Customer experience	No change to existing customer experience	Common approach to marketing Single contact point/unifying brand	Full control
Green and better vehicles	Same as EP+	Work towards zero emission fleet in targeted areas	Full control
Network influence	No change to existing network influence	Route requirements/qualifying agreements on key corridors West Yorkshire Combined Authority takes registration powers	Full control
Network enhancements	No change to existing network	Core route frequency uplifts Headway coordination (where between two major operators)	Core route frequency uplifts Headway coordination (all instances) Rationalise commercial/supported services to improve efficiency Full control (changes not represented)
Profit sharing	None	Potential future profit share agreements	Reduced margin from transferring revenue risk away from operators

Source: Strategic Case

2.2. Outputs and Network Enhancements

Operating Margins and Level of Bus Service

2.2.0 A key assumption in the modelling and forecasting of the Franchising option is that the profit margin of operating services on which the Combined Authority takes revenue risk, is lower than the margin which operators take where they retain revenue risk in the Reference Case and the EP+ option. Franchised services are assumed to have a margin of 7.5%, with this figure being based on a number of factors, such as level of competition, risk, and reward balance as well each operator's wider portfolio. The rationale behind this assumption is set out in sub-section 4.7.6 of the Financial Case. This margin is lower than the existing operating margin on commercial services, estimated from operator data[8] to average between 12% and 13% for West Yorkshire.

2.2.1 West Yorkshire Combined Authority would incur more costs under the Reform options, for managing and delivering them. There is further discussion of this assumption in Section 3.7 of the Economic Case, and rationale for this assumption in Section 4.7 of the Financial Case.

2.2.2 This assumption, which applies to the Franchising option only, translates into funding being available for more bus services to be provided that otherwise would form part of operators' margin. This is a result of funding being available for the Combined Authority to contract franchised services instead of being in operator margins for either of the EP options.

Network Enhancements

2.2.3 Another key difference between the options appraised in this Economic Case is the ability and level of influence that the Combined Authority has in terms of securing enhancements to the bus network, in addition to margin-led service output increase described above. This increased level of control is a result of the Combined Authority having full control and responsibility for specifying the bus network and the services that operate on it. This means issues including multiple operators competing on the same or similar routes

[8] Adjustments to operator data have been made to represent patronage recovery which has occurred since the data period, and allowing for the end in Bus Recovery Grant payments. Details of these adjustments can be found later in this Economic Case.

leading to the 'oversupply' of buses and/or uneven headways between services can be avoided.

2.2.4 The forecasting of the Franchising and EP+ options includes the impacts of network enhancements that West Yorkshire Combined Authority plans to deliver with Reform implementation, without requiring additional budget. These interventions are not included in in the Reference Case option, and hence are a key point of difference between the options being appraised. These interventions are described below.

Enhancements delivered under Enhanced Partnership Plus

2.2.5 The EP+ option includes rationalisation and improved timetable coordination on various corridors across the region which are currently served by more than one operator. These are included on the assumption of successful negotiations with WY's major operators and are as follows:

- Kirkstall corridor (coordination of services 60, A1, 33 and 34)
- Harrogate Road (coordination of services 36, 2 and 3)
- Bradford Road (rationalisation of services 328, 327, 360 and 549)
- Hipperholme (rationalisation of services 548, 549 and 255)
- Rationalisation of 502, 526 and Illingworth services operated by First
- Pellon Lane (coordination of services 20, 509, 510, 512, 513, 21)

2.2.6 The EP+ option includes service frequency improvements on a number of routes, and as above these would require successful negotiation with operators. These are listed in the table below.

Table 2: Frequency uplifts

Route	Current frequency (mins)	Proposed frequency (mins)
503	15	10
521	15	10
576	15	10
579	20	15
590	Combined 15	Combined 10
184, 185	Combined 30	Combined 15
301, 302	Combined 15	Combined 10
324	15	12
328	15	10

Route	Current frequency (mins)	Proposed frequency (mins)
X63	15	10
72	15	10
645	15	12
607	15	12
608	15	12
620	15	10
622	30	20
626	30	20
1B	30	20
1	30	20
2, 3, 3a, 12, 13, 13a	15	10
4	30	20
4F	30	20
5	15	10
6	15	10
8	15	10
16	15	10
49	15	10
50	24	20
50a	24	20
56	12	10
X84	30	30
148, 149	15	10
110	15	10
163	15	10
268	15	10
126	15	10
189	15	10
425	30	15
254	60 (Brighouse), 30 (Cleckheaton)	30 on full route
255	60	30
202/203	15	10
662	15	10
D1	30	20
360	30	20
7	60	30

Source: West Yorkshire Combined Authority

Enhancements delivered under Franchising

2.2.7 The service rationalisation/coordination and service frequency enhancements included in the EP+ option and detailed above are included as part of the Franchising option.

2.2.8 However, under the Franchising option West Yorkshire Combined Authority would use its control over the bus network to deliver further network enhancements. These include further service rationalisation and coordination improvements for the following routes, presently operated by combinations of major and small operators:

- York Road, East Leeds (rationalisation of services 163, 164, 19, 19A, 40 and 56)
- Five Towns (rationalisation of services 444, 446, 186, 147)
- Manningham Lane (coordination of services 622, A3, 626, 622)
- Thornton Road (coordination of services 607 and 67)
- South Bradford (coordination of services 283, 425, 620, 617, 618)
- Bingley – Wilsden – Bradford (rework of services 616, 619 and K4)
- Various Huddersfield services (coordination of services 372, 260, 261, 231, 232, D1, D2, and D3)
- Ossett (coordination of services 116, 126, 127)

2.2.9 The Franchising option includes changes to the bus network where two or more existing operators are currently competing. Under Franchising duplication could be reduced, allowing resources to be used elsewhere on the network. The routes that would be adjusted under Franchising are:

- 205 and 202
- 370 and 371
- 156 and 499
- 496, 485, 198, 195 and 36

2.2.10 Under Franchising West Yorkshire Combined Authority would make further adjustments to the network such that services that are currently tendered by the Combined Authority would no longer need to be contracted as separate services. These are as follows:

- 635 and 671
- 676 and 633

- 643 and 644
- 377, 378, 901, 537
- 301, 302, 303, and 304
- 310, 314, and 316
- 548, 327, 328, 360, 384 and 385
- 577, 579, 587, 586, 561, and 562
- 521, 510, and 512

Other Interventions

2.2.11 Should funding be identified and available, there are further interventions on the bus network and services that West Yorkshire Combined Authority would not be able to implement in the Reference Case, but which would become possible under the EP+ and/or Franchising options. As the funding of any further intervention in the network is uncertain, these further interventions are not included in the forecasting and appraisal of the Reform options.

Fleet and Depots

2.2.12 The Commercial Case sets out the assumptions regarding investment in bus fleets and depots for each of the reform options.

2.2.13 For the Franchising option the Combined Authority would acquire new fleet as older existing fleet is retired, and these new vehicles would be made available to operators of franchised services. Under the Reference Case and the EP+ option, operators would continue to purchase new fleet (with contributions from the public sector including Zero Emission Bus Regional Areas (ZEBRA) funding). For all options any new fleet is assumed to be Zero Emission Buses (ZEB).

2.2.14 For the Franchising option West Yorkshire Combined Authority would acquire one depot for each of the Franchising zones it has defined across West Yorkshire[9] and would make these available for franchised service operators. The depots acquired by the Combined Authority would be used for the operation of the largest (by number of services/routes) Franchising lots within each zone. The smaller lots would be operated from other depots

[9] See Commercial Case: Lotting Strategy

owned or secured by operators. The Reference Case and EP+ options assume no changes in the number and ownership of bus depots in West Yorkshire. Most of the frequency uplifts to services shown in Table 2 are uplifts back to the service provided pre-Covid-19. It is therefore a reasonable assumption that there is sufficient depot capacity to accommodate these changes.

2.2.15 To facilitate the use of ZEB on the bus network investment will be required for ZEB infrastructure at depots. This is the case for all options, including the Reference Case. For Franchising the cost of this infrastructure is paid for entirely by the public sector, whereas for the Reference Case and EP+ options the investment is made by operators (with public sector ZEBRA contributions).

2.3. Impact of Interventions

2.3.1 The anticipated impacts of the increased bus service output and network enhancements described above are set out below. The following sub-sections have first been structured by the impact on different groups of society (as required by the assessment Guidance) and then other impacts of the Reform options which have not been quantitatively included in the modelling and appraisal are discussed.

Impacts on Existing Bus Users

2.3.2 Compared to the Reference Case, the increased bus service output under the EP+ and Franchising options will benefit passengers by reducing journey times through increased service frequencies on existing routes, and the introduction of new routes. This is one of the most significant impacts of the Franchising option, in terms of its impacts on passengers and scale of monetised results in the economic appraisal. As discussed further in Section 3, this is one of the key features of the modelling and appraisal framework in used in the Assessment.

2.3.3 The network enhancements of the EP+ and Franchising options listed in Section 2.2 will impact existing passengers by; improving interchange opportunities between different bus services or between bus and other public transport modes through the coordination of timetables and location

of stops; offering fare capping and ticketing initiatives to provide customers with best vast value for trips; and enhancing connectivity by further improving existing routes and introducing new routes.

2.3.4 The fares and ticketing changes that form part of each option will generate benefits for existing bus users. Under Franchising the Combined Authority will take full control for bus fares and ticketing in West Yorkshire, and pending funding being available, could deliver the fares and ticketing proposals set out in its BSIP. EP+ includes fare caps and reductions as well as the roll out of additional concessionary ticketing products. For both options the impact of fares and ticketing changes has been estimated and included in the appraisal. Further detail is provided in Section 3 of this Economic Case.

Impacts on New Bus Users

2.3.5 As well as impacting existing users, the bus service output changes from margin reduction (Franchising only), network enhancements, and fares and ticketing changes will attract new passengers/trips to the bus network. The largest proportion of those switching to bus are expected to come from current private vehicle use, either as a driver or passenger (the latter including taxi/private hire use). The remainder diverting from other modes would be switching from other public transport modes, namely rail, or making new trips which were previously not available. These assumptions are based on TAG bus diversion factors, and are discussed further in sub-section 7.4.15.

2.3.6 The modelling and appraisal framework forecasts the number of new bus users arising from improvements to the network, through an elasticity-based approach, which is detailed in Section 3.

Impacts on Bus Operators

2.3.7 The proposed network enhancements and changes to the bus service output will impact on the operations of bus operators. Extended hours, new services, and route changes mean operators incur increased costs in providing these enhancements in the form of worker salaries, administrative costs, and fuel costs, for example. The expectation, however, is that with more services provided, patronage will increase and therefore additional

revenue is generated through ticketing. Under the Franchising option operators will receive contract payments rather than ticketing revenue. Under the EP+ option, differences from the Reference Case are more nuanced – with network enhancements resulting in modest changes in the commerciality of services, which in turn affects the pace at which services transfer into the supported network.

2.3.8 Under any option, there is a possibility that operators may exit the market – through necessity or choice, under Reference Case or EP+ options, or because of not securing any operating contracts, under Franchising. There is also the potential for additional operators to enter the market for delivering bus services within West Yorkshire. With an effective continuation of the existing situation, for example under the Reference Case, while market entry is and has been a possibility, the establishment of a new operator in any area and competing against a material number of existing services has not been common and is not anticipated. For Franchising, there is known to be interest from new (to West Yorkshire) operators looking to expand.

2.3.9 As set out above, under the Franchising option another impact on operators will be that they no longer invest directly in new vehicles or the depots used for the largest lots within each Franchising zone[10]. Operators will still invest in the depots for the smaller lots. They will still operate and use new vehicles and infrastructure, though these will be purchased by West Yorkshire Combined Authority. Under Reference Case and EP+ operators will continue to invest in fleet and depots, including ZEB investment and contributing to associated ZEB infrastructure requirements.

Environmental and Social Impacts

2.3.10 The bus service output changes and network enhancements will result in modal shift from private vehicles to bus services. This will reduce the overall environmental and social impacts associated with travel (externalities) that affect the wider population in West Yorkshire and beyond. This reduction is due to the lower greenhouse gas emissions, particulate emissions (air quality impacts), levels of congestion and accident rates associated with bus travel compared to using private vehicles. This change in externalities as a result of each Reform option has been captured in the appraisal of each

[10] See Commercial Case: Lotting Strategy

option through using the DfT's Marginal External Costs (MEC) approach; parameters and the scale of this impact is presented in Section 7 of this Economic Case.

2.3.11 There are no material net disbenefits associated with people transferring to bus use from walking and cycling or other public transport modes from a social and environmental perspective. In most cases, these travellers are not making the same trip by bus which they previously travelled, but are going further. Often walking to the boarding bus stop and from the alighting bus stop may mean that a similar amount of activity is undertaken. Overall, it is anticipated that there would be a slight net health benefit from the increase in bus use as a result of modal shift; however this minor impact has not been quantified or included in the appraisal of each option as there is limited evidence and data to support this. Any health benefit is expected to be small in scale and should not be considered a key influencer of the choice between options.

Wider Economic Impacts

2.3.12 As a result of faster journeys and increased accessibility of the network under both the EP+ and Franchising options, the economies of West Yorkshire and the UK more widely will benefit from a range of Wider Economic Impacts (WEI). Productivity improvements in West Yorkshire account for the majority of the resulting WEI, as calculated in terms of welfare mandated by the Green Book. These are generated through reductions in travel time for business users, with the available time being utilised more productively and increasing economic output. This benefit is captured by the conventional time-saving benefits to users.

2.3.13 The economy also benefits from the resulting agglomeration effects. These occur when people and jobs are effectively 'brought closer' together through better transport links. This can increase participation in the workforce. A larger workforce means there is better matching between jobs and the people with the most appropriate skills who will be relatively more productive and therefore increase economic output.

2.3.14 A small proportion of WEI come from transport enabling new business to be able to sell into or out of West Yorkshire and a final set of WEI come from better matching of labour supply and demand. WEI are discussed more in Section 8 of this Economic Case.

Impacts of More Reliable Bus Services

2.3.15 As set out in the BSIP, West Yorkshire Combined Authority intends to make bus services more reliable and punctual through the implementation of more bus priority measures in the region, which will include further roll-out of vehicle and highway infrastructure technologies to enable this. Reforming ticketing is also expected to facilitate reliability; simplifying the range of products available and implementing smart ticketing across all services this will support quicker boarding of passengers and reduce delays at bus stops.

2.3.16 As with the network enhancements, more reliable bus services will generate growth in bus patronage, reduce the externality impacts associated with travel and benefit West Yorkshire and wider UK economies. The scale of these benefits will be proportionate to the journey time improvements perceived by passengers.

2.3.17 Unlike the network enhancements listed above, and as discussed further in Sub-section 4.2, the impact of reliability and bus priority measures for each Reform option has not been included in the appraisal of any option.

2.3.18 Under the EP+ option it is assumed that investment plan targets relating to bus reliability will be agreed with operators, and a shared traffic control room will be established. Under the Franchising option the Combined Authority will have control over the delivery of bus priority measures, including their alignment with bus services themselves. For both options there is likely to be a modest net benefit to passengers.

2.3.19 However, importantly for the appraisal of each option, priority measures can be introduced under any option, including the Reference Case, as funding becomes available and with limited or no difference in outcomes. Given that each Reform option does not directly enable or include the delivery of any reliability schemes, it is not appropriate to estimate and monetise a quantitative benefit within the appraisal.

Better Customer Experience

2.3.20 The BSIP sets out the following standards for the customer experience of using the bus network in West Yorkshire:

- Improved and more consistent travel information
- Enhancements to journey planning software and tools
- Improved and more visible branding across the network
- Bus stop and station upgrades

2.3.21 Evidence from public consultation shows that passengers value a high-quality customer experience when using the bus network and would therefore benefit from any changes made to align the entire network with the proposals set out in the BSIP. Delivering the vision outlined above is most achievable through Franchising and partially achievable through EP+, the latter requiring successful negotiation with operators for any customer experience improvements to be delivered.

2.3.22 Whilst it is reasonable to assume passengers would benefit from an improved customer experience through both Reform options, the impacts of customer experience improvements have not been quantified within this Economic Case. This is because the precise nature, extent, and resulting impacts of customer experience improvements that would be delivered under either option over and above the Reference Case are uncertain. Relative to the network enhancements or fares and ticketing changes, the scale of benefit will be smaller. As a result, it is prudent not to include customer experience benefits in the case for EP+ or Franchising.

Reduced Bus Fleet Emissions

2.3.23 Under all Reform options, including the Reference Case, bus emissions are expected to reduce as old vehicles are replaced by newer lower-emission vehicles. However, under the EP+, this will be dependent on agreement with operators. Under Franchising the introduction of new vehicles can be more closely managed by the Combined Authority, which will allow better realisation of the benefit of reduced bus emissions and improve the efficiency of the transition.

2.3.24 Without intervention the cost premium of lower emission buses, in particular zero tailpipe emission buses, may slow the rate at which bus emissions will be reduced, bus operators may delay the point at which they purchase new vehicles and/or may purchase lower cost ‘low-emission’ buses rather than zero-emission buses. Under EP+, it is assumed that operators would buy and own vehicles, as under the Reference Case. The proposal under Franchising is for West Yorkshire Combined Authority to purchase ZEB, which are leased to operators or provided as part of supported service contracts. This ensures that a consistent ZEB fleet is introduced, rather than low-emission buses, and may allow diesel vehicles to be replaced faster, thought for the purposes of the Assessment it is assumed that ZEB are introduced at the same rate across all options.

2.3.25 Some of the benefits of ZEB can readily be assessed and are captured within the appraisal through DfT’s MEC approach. This captures the net benefit of more bus services being provided by ZEB in the EP+ and Franchising options compared to the Reference Case.

2.3.26 By purchasing ZEB the Combined Authority gains full and direct control over where they are used. This can increase the benefits incurred from improved air quality through lower NOx and particulate tailpipe emissions. Air quality effects are localised and vary on a street-by-street basis; as a result, there is more benefit of introducing ZEB in areas with poorer air quality first. However, where it is best to introduce ZEB from an air quality perspective may not align to where it is commercially most advantageous to introduce new (zero-emission) vehicles. Under the operator-led introduction in the Reference Case, commercial priorities will likely influence where buses are introduced (except in the case of supported services, where the service specification can influence the transition to ZEB). Under EP+, dependent on agreement with operators, and Franchising options, the introduction can be focused on where the greatest benefit will be, maximising their impact. West Yorkshire Combined Authority having control over where ZEB are deployed will ensure societal groups, such as children, which are particularly vulnerable to the effects of poor air quality can be targeted.

2.3.27 For the purposes of this Assessment it is important to note that the targeted roll out of ZEB is possible under both the Reference Case, the EP+ (both through agreement with operators), and Franchising. Differences in the pace of transition to ZEB have limited impact on the overall NPV. For these reasons no benefits relating to targeted roll out of ZEB have been included in the appraisal of the Reform options.

2.3.28 As the cost to the Combined Authority of purchasing ZEB is significant, they are included within the appraisal. The modelling framework reflects the benefits and other impacts of ZEB, as well as the cost. The budget implications of transitioning to ZEB are included in the budget, trimming and cutting calculations described in more detail in Section 3 of this Economic Case, and as discussed above the benefit more journeys being on ZEB in the Reform options included through MEC. Overall, and as shown in the latter sections of this Economic Case the net benefits of EP+ and Franchising options over the Reference Case are relatively small and the cost will also be similar, making the overall net affect broadly neutral.

Summary

2.3.29 For the Franchising option, the most fundamental and, in terms of the economic appraisal, important difference to the Reference Case is the assumption that a reduced operating margin will allow an increase in the number of bus services operating. This generates significant beneficial impacts, for existing bus passengers and by attracting additional passenger journeys to bus. The modelling and appraisal framework used in this Economic Case reflects that, with the assumption on margin and its impact being a central feature of its functionality. Also important for both Reform options is the ability of the Combined Authority to secure network enhancements, limited to those which do not require any additional funding for the purposes of this Assessment.

2.3.30 The modelling and appraisal framework includes and quantifies these. The impact on the Combined Authority and on private operators of the approach to fleet and depot investment and provision is another important difference between options that is captured in the approach to economic appraisal of the options. It is important to note the further difference between options of

West Yorkshire Combined Authority being able to design and deliver further improvements to the network should additional funding become available. However, as discussed above, as this future funding is uncertain therefore the quantitative impact of these potential further improvements has not been captured in the forecasting or the economic appraisal.

2.4. Potential Impacts of transition to Franchising and EP+

Transition to Franchising

2.4.1 Moving from the current EP in West Yorkshire to a regulated bus network under Franchising risks operators ceasing to run commercial services prior to or during transition stages. Contrary to the various benefits of expanding bus services described above, and to the intentions of Bus Reform, the loss of these services could cause significant disbenefit to bus users as well as negative social and economic impacts to West Yorkshire. Temporary replacement of these services, for example through contracting or otherwise making arrangements with other operators, is likely to incur increased cost of provision through loss of competition and efficiency.

2.4.2 The risk of cessation of commercial services mainly lies with the actions of Arriva, Transdev and First, which together carried around 98% of bus patronage in the financial year 2021/22. Whilst a risk, the likelihood of the operators undertaking such an action wholesale is considered to be relatively low given the significant commercial implications of such a move. Risks of cessation of commercial services by the three operators during the transition phase have been considered in the development of the transition plan for Franchising, so that such risks are reduced insofar as possible. However, they may choose to end operation of routes on a targeted basis where the commercial viability of a route is more marginal. With SMO, the nature of the risk lies with their having more agility in their operations to end services at relatively short notice.

2.4.3 On a route by route basis, the situation under the transition period is not dissimilar to ‘business as usual’ where operators can choose to end

operation of routes for commercial reasons. In either situation West Yorkshire Combined Authority can choose to intervene to continue the operation of the route as a supported service, which comes at a cost to the Combined Authority's budget. This is the most likely course of action as a short-term degradation of the network would be seen as unacceptable to the Combined Authority.

2.4.4 During the transition West Yorkshire Combined Authority would not be passive in its approach and would act to mitigate the risks of withdrawal of services and ensure continuity of the network. The approach to the transition period is discussed and considered in the Management Case. Assuming that transition is managed effectively, most commercial services would continue to operate with no passenger disbenefit incurred. A small number of commercial services ceasing to operate can be managed by tendering new supported services. Existing supported services can continue to operate during the transition period so long as funding continues to be available.

2.4.5 The cost of tendering additional supported services if required during the transition to Franchising is unknown at the time of producing the assessment. However, any such costs would only be required for the period before the impacted services become part of franchised contracts themselves. The costs are considered to not have a substantial impact on the case for Franchising. The potential impact on passengers is judged to not have a substantial impact on the case for Franchising and therefore the impacts during the transition phase have not been appraised as part of the modelling.

Transition to EP+

2.4.6 As under the Reference Case, minimum operating hours and frequencies cannot be imposed on operators in the EP+ option; any specified changes are likely to require additional public sector funding, either directly or as the overall commercial service offer is adjusted to compensate for changes in operating profit.

2.4.7 More widely, under EP+, Reform has to come with the agreement of the majority of operators. This inherently mitigates some of the transition risk compared to Franchising as those operators who agreed to an EP+ would

be unlikely to take adversarial action in terminating services. The residual risk, if any, would remain with any minority of operators who did not specifically agree to the EP+, meaning overall the number of services at risk during a transition phase of an EP+ would be lower than Franchising. The impacts of transition have therefore also not been included in the appraisal of the EP+ option.

2.5. Conclusions on the impacts of the interventions

2.5.1 As Franchising enables greater levels of intervention in bus services it has the potential to deliver the greatest benefit. However, for both Reform options appraised, these benefits need to be weighed against the costs of intervention, risks, and wider affordability and deliverability issues. The remaining sections of this Economic Case establish that the benefits unlocked by regulatory Reform are greater than the costs, for EP+ and Franchising options, and discuss the relative VfM of each.

2.6. Risks of Reform options

2.6.1 In addition to the risk of service changes during the transition to one of the Reform options, there are further risks relating to the procurement, mobilisation, implementation and steady state stages of either option. Section 6 of the Management Case sets out these risks, and West Yorkshire Combined Authority's approach to mitigating them, in further detail.

3. Approach to Demand, Revenue and Cost Forecasting

3.1. Introduction

3.1.1 The impacts of the interventions described above are a function of the demand, revenue and cost associated with bus services within West Yorkshire. Generating appropriately detailed and robust forecasts for these three aspects of bus operation is therefore vital for robustly appraising Bus Reform. These forecasts also underpin the financial and commercial analysis described elsewhere in this Assessment.

3.2. Overview of the West Yorkshire Bus Network and Economic Environment

3.2.1 It is self-evident that the cost of operating buses has to be balanced by incoming funds, either in the form of farebox revenue or public sector subsidy. This affordability equilibrium of bus services is not isolated to individual routes, or even operators, but encompasses the whole of the West Yorkshire bus network as a system.

3.2.2 Six conditions impact the equilibrium of the bus network system:

- Social and economic factors, as well as effects from the wider transport network which influence demand (exogenous demand drivers)
- Wider macro-economic and supply chain conditions as well as local operating environment (for example network congestion) affecting the cost base (exogenous cost drivers)
- The legal and regulatory system under which buses are operated
- Strategic choices about bus services directed by operators and/or West Yorkshire Combined Authority (as relevant) on fares, ticketing, routeing and timetables (endogenous demand and cost drivers)
- The public funding available for subsidising bus services
- Operator profit margin to make running services commercially attractive

3.2.3 The exogenous drivers of demand set the potential for bus use in the region. However, the actual demand supported depends on the services operated. The choice of which services to operate depends on the overall affordability of the network.

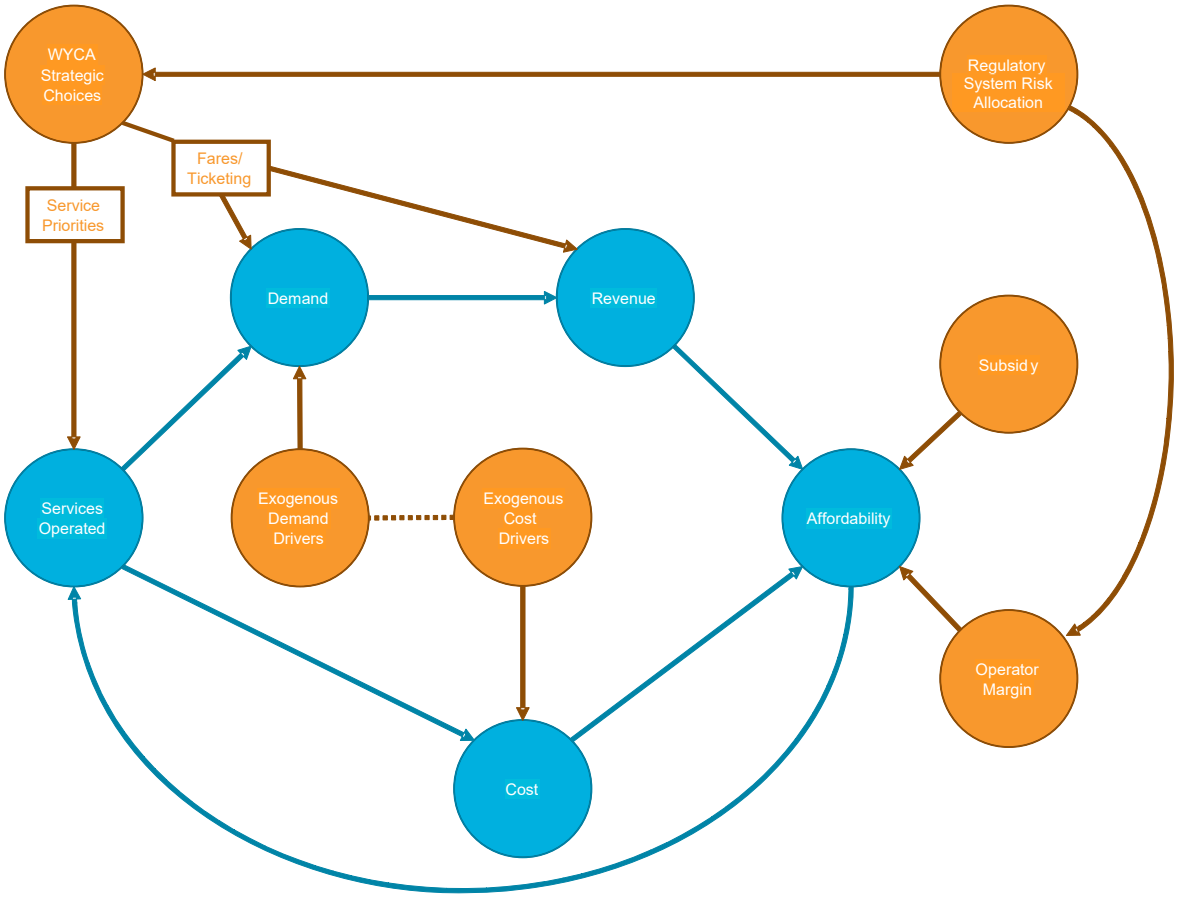
3.2.4 Affordability is measured by considering income, revenue generated from services and level of public sector subsidy available, against the cost of operating bus services and the margin required by operators to make their businesses viable.

3.2.5 The point of equilibrium can be changed by strategic decisions made by West Yorkshire Combined Authority. Directly, by prioritising which services to operate, and through fares and ticketing, which have an endogenous effect on demand and revenue. The degree to which the Combined Authority can influence these decisions is dependent on the regulatory system under which bus services operate. Currently its control is limited but under EP+ it is assumed that it would negotiate a greater level of influence, and with Franchising the Combined Authority would have full control over most elements of the bus network and service.

3.2.6 As set out in Sub-section 2.2, the level of margin operators require depends on the risks that they are exposed to under the regulatory system. A key assumption informing the assessment is that operating margins under Franchising are expected to be lower as revenue risk is transferred from operators to West Yorkshire Combined Authority.

3.2.7. The figure below summarises these interactions.

Figure 1: System Diagram of the West Yorkshire Bus Network



3.2.7 For a sustained period, the West Yorkshire bus network has been shaped by declining patronage. This reduction in patronage was further exaggerated by Covid-19, with DfT statistics[11] showing that bus patronage for areas outside London is still at 83% of pre-Covid-19 levels in 2022/23. The resultant fall in revenue without an increase in public sector subsidy has made the network unaffordable leading to service cuts. On the basis that it does not appear likely that there will be additional budget available and that the reduction in patronage has been over a long time frame, it is reasonable to expect this trend to continue.

3.2.8 Whilst individual planned or delivered infrastructure and bus priority schemes have been forecast to, or have already, increased bus patronage on specific corridors and routes, they have not reversed the trend of reducing bus patronage. The approach to forecasting, described in the remainder of this section, has been developed in this context.

[11] Department for Transport Official Statistics: Daily domestic transport use by mode: Great Britain, since 1 March 2020

3.3. The Forecasting Approach

3.3.1 In the context of the current broadly deregulated system, services are either operated commercially or are operated on a supported basis[12]. Supported services are those which require direct subsidy and are run by operators under contract to West Yorkshire Combined Authority. As demand, revenue and costs change, there will be a different equilibrium between services operated commercially, those operated on a supported basis and services becoming viable/unviable given the funding envelope. The modelling approach seeks to establish what the equilibrium point is in any given year as the six conditions above vary under different futures.

3.3.2 Under the current deregulated system, where supported services cannot directly compete with commercial services, the determination of which services are run is essentially a two-stage process:

- Operators decide what services they will run on a commercial basis – *'trimming'* routes which are not commercially viable.
- Then the Combined Authority decides what services it will support based on the gaps in the commercial network and its available budget – *'cutting'* routes which are not affordable.

3.3.3 The modelling framework has been designed to reflect the situation described above – first looking at the overall income against the cost and determining the margin by service. Then modelling the processes of trimming (decisions taken by the operators) and cutting (decisions taken by the Combined Authority based on the available budget for supported services).

3.3.4 This process is repeated for each modelled year and can be summarised in three key stages, which are discussed in more detail below:

1. Forecasting of 'unconstrained' demand, revenue and cost
2. Portfolio assessment of all services to determine which services/ periods would be commercially operated and which will be trimmed

[12] There are some services which are partially supported where only particular days or periods are operated on a supported basis.

3. The assessment of which services/periods not commercially operated can be supported based on the available budget and which will be cut

Forecasting of Unconstrained Demand, Revenue and Cost

3.3.5 The model uses historic demand, revenue and cost data provided by bus operators and West Yorkshire Combined Authority. The data is disaggregated by bus service and was provided for the period 1 May 2021 to 30 April 2022, assumed to represent financial year 2021/22.

3.3.6 During this period, operators received Bus Recovery Grant funding to account for revenue lost due to Covid-19. The revenue data provided was modified to reflect this, using official DfT spending data to local authorities[13] adjusting for BSOG payments.

3.3.7 School services and cross boundary services are removed from the operator data and not subject to the trimming and cutting processes described below. School services are assumed to be maintained and supported within the budget available, given that they are subject to different demand market drivers. Cross boundary services would be managed through with a permitting regime as necessary, in a coordinated approach between the Combined Authority and the other local authorities involved.

3.3.8 The 'unconstrained' projections use the 2021/22 data as a base year and the modelling pivots off the network operated at that point in time. Whilst this may not capture some of the subsequent changes to routes and services, it provides a reasonable approximation of the demand, revenue and costs associated with West Yorkshire bus services. The forecasting models cover a 25 year period through to 2045/46.

3.3.9 An elasticity model is used to forecast future demand, which is unconstrained, in this context meaning the forecast is made before the trimming and cutting processes are applied. This reflects the demand potential of the 2021/22 bus network in response to projected future changes to the key economic and social factors affecting bus use.

[13] DfT: departmental spending over £25,000, Department for Transport

3.3.10 Residual effects of the Covid-19 pandemic on patronage post 2021/22 are reflected in the demand forecasts, which assume an 80% recovery compared to pre-pandemic levels using DfT's published statistics[14] on the level of bus travel recovery outside London. Mayor's Fares are reflected in the forecasts with the West Yorkshire scheme having been guaranteed for three years from September 2022.

3.3.11 As these drivers are independent of decisions made about bus under any regulatory system, the same exogenous forecasts underpin all Reform options.

3.3.12 Under the Reference Case the operation of bus is assumed to continue with the status quo; without strategic changes to services, the continuation of the current ticketing structure and fares remaining constant in RPI real terms[15]. No explicit endogenous changes are applied in the modelling. Revenue is treated as a function of demand, calculated by applying derived yield values per journey to the demand forecasts. As fares remain constant in real terms, yield is also assumed to be constant within the model.

3.3.13 Once the demand potential based on operating the 2021/22 network has been established along with corresponding revenue and cost forecasts, the affordability equilibrium assessment of the network is conducted in the trimming and cutting stages.

Trimming

3.3.14 Each operator will decide which services to operate commercially based on the profit margin[16] across its portfolio, or in the case of larger operators possibly the portfolio of each depot, with a target margin that needs to be achieved. Individual services may make margins above or below this target, and in some instances may even seemingly be loss-making, however on aggregate, operators aim to achieve or exceed the required margin and take corrective action when they do not.

[14] Domestic transport use by mode: Great Britain, since 1 March 2020
[15] All modelling has been conducted in RPI real terms. Therefore, an inflationary (RPI) increase in fares will illicit no change in demand.
[16] As ENCTS payments are negotiated separately by each operator, the effective yield generated will vary. The base year yield remains associated with each route.

3.3.15 Managing services as a portfolio is commercially advantageous to operators as it allows them to maximise the services they run and use of their assets, supporting higher levels of demand across the network including by operating some services on a marginal cost basis.

3.3.16 Where the desired margin is not being achieved due to a fall in revenue or increase in costs, an operator will seek to trim underperforming parts of its portfolio generating the least profit or the biggest loss. An operator may decide to stop operating an entire service or reduce the level of service on an existing route. Changes to services will typically entail not operating during certain days or time periods but could also include route changes or reductions in frequency. Conversely, where the margin exceeds target, an operator may decide to introduce new routes or enhance the level of services on existing routes.

3.3.17 In the modelling, a single assessment to establish the commercial target margin is conducted for all services collectively, rather than separate assessments for each operator's portfolio. This is reflective of how a service's commercial viability is based not only on the current operators required margin but that of other operators who may not adopt the same margin as a measure of commercial viability. It is assumed that the average margin percentage underpins the commercial viability of operators' businesses and therefore would remain broadly constant going forward.

3.3.18 For each forecast year, the portfolio of services is assessed to establish what services will be commercially operated based on: the income generated by these services; the cost; and operators' required commercial margin, which varies by Franchising zone as seen in the data they provided. The model assesses whole services and where appropriate, individual periods but does not consider the other ways in which operators may reduce or trim services, for example reduced frequency or the length of a service, which are assumed can have less significant impacts than cuts to whole services.

3.3.19 The income stream for commercial services comprises farebox revenue, the payments that operators receive from West Yorkshire Combined Authority for carrying passengers who receive free concessionary travel under

ENCTS, and – for the base year only, Bus Recovery Grant received by the operators from DfT.

3.3.20 The Combined Authority receives funding for ENCTS through the levy from its constituent councils, which is allocated in the model to commercial services based on:

- The ENCTS demand, forecast from operator base year data, carried on the services and periods determined to be commercial
- The effective 2021/22 yield, by operator, per ENCTS trip derived from operator base year data, assumed to remain constant in real terms[17]

Cutting

3.3.21 Once the commercial services/periods have been determined, the model assesses which of the remaining services/periods can be supported and those to be cut from the bus network. What can be supported is based on the net cost of the services/periods in scope and the budget remaining available for contracting supported services.

3.3.22 The net cost of each service/period to the Combined Authority will include the margin applied to the gross operating cost by the contracted operator less any farebox revenue generated. As with the commercial margin, the modelling uses a single average margin value across all services in each zone as it is not reasonably possible to capture how this might vary on a service-by-service basis. As discussed elsewhere, the average margin assumed for supported services (assumed to be 7.5%)[18] is generally lower than commercial services which average between 12%-13% for West Yorkshire (but vary by zone).

3.3.23 The annual budget for contracting supported services is modelled as the bus subsidy budget, derived from the broad bus budget, less any ENCTS payments to operators.

3.3.24 The decision of which services to support is modelled as being based on the relative net cost per passenger alone, with a separate budget for each

[17] The revenue on which margin is based includes public sector funding for ENCTS.

[18] Relatively little data is available which shows what margin operators are making in WY on supported services, in part connected with the majority of supported services being let as net cost contracts. The assumed margin of 7.5% is consistent with the assumed margin on Franchise contracts (explained elsewhere in this document) having the advantage of reducing the potential for unintended distortions affecting the results. Sensitivity testing of alternative margin assumptions has been carried out is reported later in this Economic Case.

Franchising zone used in the cutting process. As other metrics to this decision are secondary to cost, this is judged to provide a reasonable approximation of the outcome at a network level.

3.3.25 There is an interdependency between the commercial and supported service assessment. This is a result of the feedback effect occurring due to a proportion of the demand from cut services being reabsorbed by the network. This effectively increases revenue on remaining services, which can enable more services to be commercially operated and more services to be supported.

3.3.26 Where an operator chooses to reduce commercial services one of three things may happen:

- Another operator may step in if it has a lower cost base for that service or can generate more revenue (this action has not been represented in the model)
- West Yorkshire Combined Authority may step in, providing direct subsidy, and contract the running of the service or period to the operators on a supported basis
- The service or period is cut from the bus network, with alternative ways of providing any essential connectivity which is lost being investigated

3.3.27 In principle, the Combined Authority will seek to maintain as much of the network as possible through running supported services. However, its ability to do this depends on the budget it has available and the cost of operating supported services. Where costs exceed budget, in line with its powers the Combined Authority will consider which services it can support, and services or periods will either be cut from the network or reconfigured.

3.3.28 The Lotting Strategy element of the Commercial Case sets out ten Franchising zones into which services in the region are divided as part of the Franchise option. When each zone is let the services within each zone would then be split into a series of lots, with the services in each lot being let by as a single contract. For the purposes of the Assessment the budget used for the ‘trimming’ and ‘cutting’ processes described above has been divided between the zones on a per capita basis.

3.3.29 This ensures that the unavoidable cutting of services is balanced across the Franchising zones, so for example those cuts are not concentrated within the zone where bus operation is least profitable. To ensure any excess budget is redistributed to other Lots, the model applies the cutting in order of

commercial profit starting with the most profitable area first, transferring any remaining/surplus funding downwards across the zones.

3.3.30 The funding for contracting services will be taken from West Yorkshire Combined Authority's broad bus budget. This also covers bus administrative costs and the reimbursement to operators for ENCTS on commercial services. Further detail on the budget used for the Reference Case and the two Reform options can be found in the Financial Case.

3.3.31 How the budget is balanced in practice is more complex. In part because the amount paid to each operator for ENCTS is not fixed in absolute or pro-rata terms but determined by periodic negotiations, and also because administrative costs will change in response to wider budgetary pressures.

3.4. The Reference Case Forecasting Approach

3.4.1 The appraisal of EP+ and Franchising considers the net benefits and costs of these options against the Reference Case. A reasonable Reference Case needs to establish what changes would occur to the bus market under 'business as usual' conditions including any enhancements committed to, or highly like, on the part of West Yorkshire Combined Authority or operators. The Reference Case should not include any of the network enhancements that are assumed to be included and delivered as part of either of the EP+ or Franchising Reform options.

3.4.2 Under the current regulatory context, most services within the network are run by commercial operators who have control over when and what services they run. Bus services will be affected by the underlying exogenous impacts on bus travel because of macro social and economic changes in the region; and, in the Reference Case, by any endogenous effects because of changes to bus services or fares made by the operators, for commercial services, or the Combined Authority, for supported services.

3.4.3 A future of ongoing decline in bus revenue would result in commercial bus services being trimmed or reduced as they become financially unviable for operators. Unless West Yorkshire Combined Authority introduces additional supported services (at increased cost) to cover the reduction in commercial

services, the bus network will contract, resulting in disbenefits to passengers. The Reference Case option, therefore, does not align with the objectives of Bus Reform.

3.5. The EP+ Forecasting Approach

3.5.1 The approach described for the Reference Case also broadly applies to EP+, which uses the same base year operator data and Covid-19 recovery profile, the same exogenous growth forecasts and the same trimming and cutting processes.

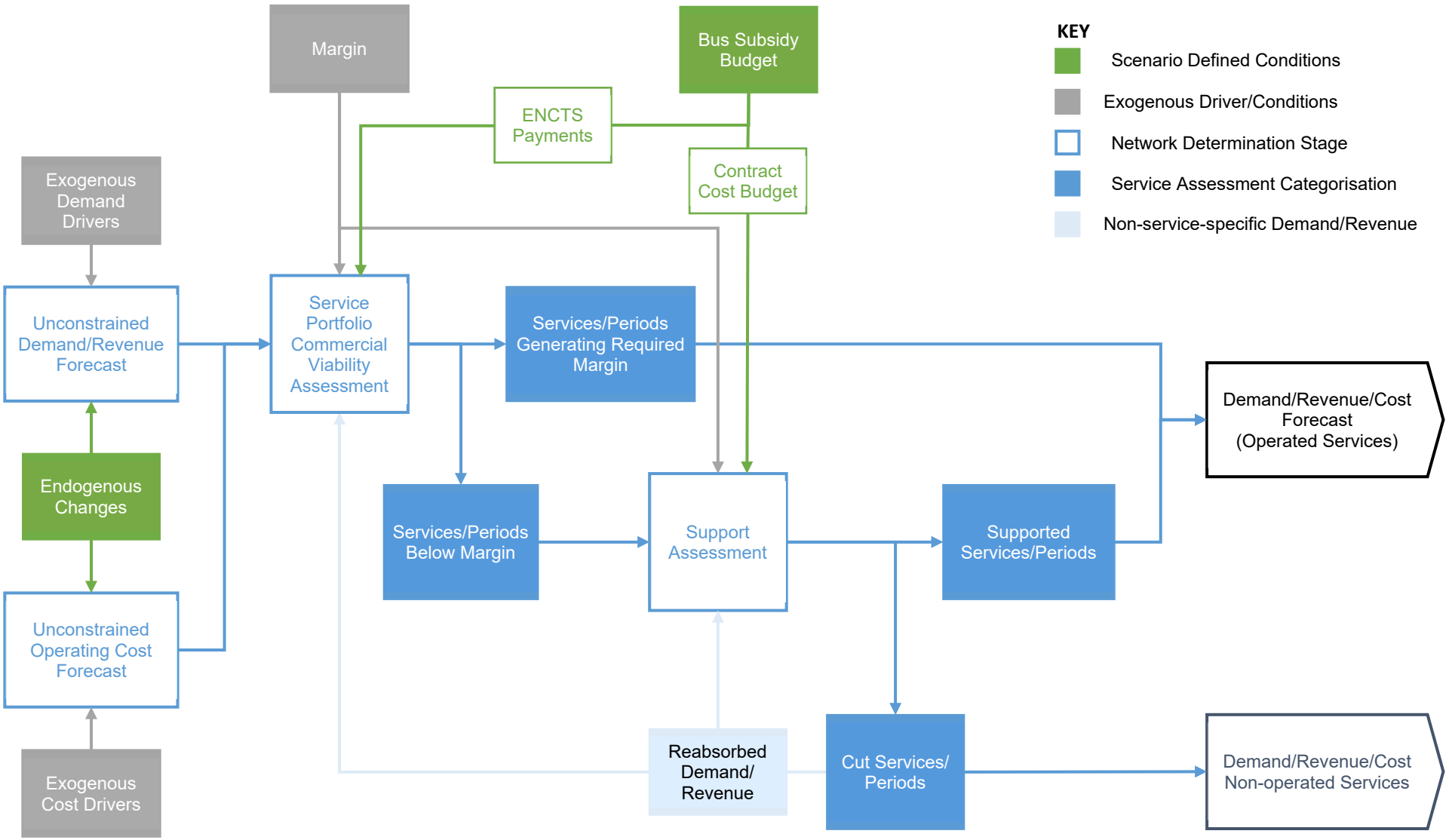
3.5.2 However, the EP+ option assumes that West Yorkshire Combined Authority has negotiated a partnership that allows it to exert greater influence over the delivery of bus services in West Yorkshire, allowing additional determination over what bus services are operated, fares and ticketing.

3.5.3 Therefore, the forecasting approach includes additional endogenous changes such as rationalisation of services and elimination of duplication and harmful competition between bus operators. These changes are modelled on top of the exogenous drivers using demand elasticities, which forecast the demand response to the endogenous changes. The elasticities used and the magnitude of the response itself are described in more detail in Sections 4 and 7 of this Economic Case.

3.5.4 The EP+ option, as described in the Strategic Case and in Section 2 of this Economic Case, has been modelled which reflects the most extensive changes that the Combined Authority believes that operators would reasonably agree to under EP+. It has been informed by discussions with operators, but has been deliberately specified to be ambitious – as an appropriate and robust comparator for the Franchising option.

3.5.5 The changes under EP+ are assumed to generate bus user benefits, which are presented in Sections 8 and 10 of this Economic Case.

Figure 2: Forecasting Approach Diagram (Reference Case and EP+)



3.6. The Franchising Forecasting Approach

3.6.1 The service rationalisation/coordination and service frequency enhancements included in the EP+ option are included as part of the Franchising option.

3.6.2 However, under Franchising, West Yorkshire Combined Authority takes control of bus services operating entirely in West Yorkshire, with some services, including cross-boundary services operating under permits. This effectively gives the Combined Authority full decision-making power over fares, ticketing and the network of services operated within West Yorkshire.

3.6.3 The Combined Authority would use its control over the bus network to deliver further network enhancements including further service rationalisation and coordination improvements for a number of routes, presently operated by combinations of major and small operators, allowing resources to be used elsewhere on the network.

3.6.4 The Combined Authority would also make further adjustments to the network such that services that are currently tendered by the Combined Authority would no longer need to be contracted as separate services.

3.6.5 As with the modelling of EP+ these endogenous changes are captured within the unconstrained forecasts. Network enhancements elicit a demand, revenue or cost response which is estimated using elasticities. The elasticities used to quantify this response, and the magnitude of the response itself, are described in Sections 4 and 7 of this Economic Case.

3.6.6 Additionally, Franchising changes the process which determines what services are operated. As services, excluding cross boundary services operating under permits, become contracted to operators there is no decision point for determining commercial services/periods. In this instance the determination process becomes a single assessment point (only cutting rather than trimming and cutting), where all services are considered

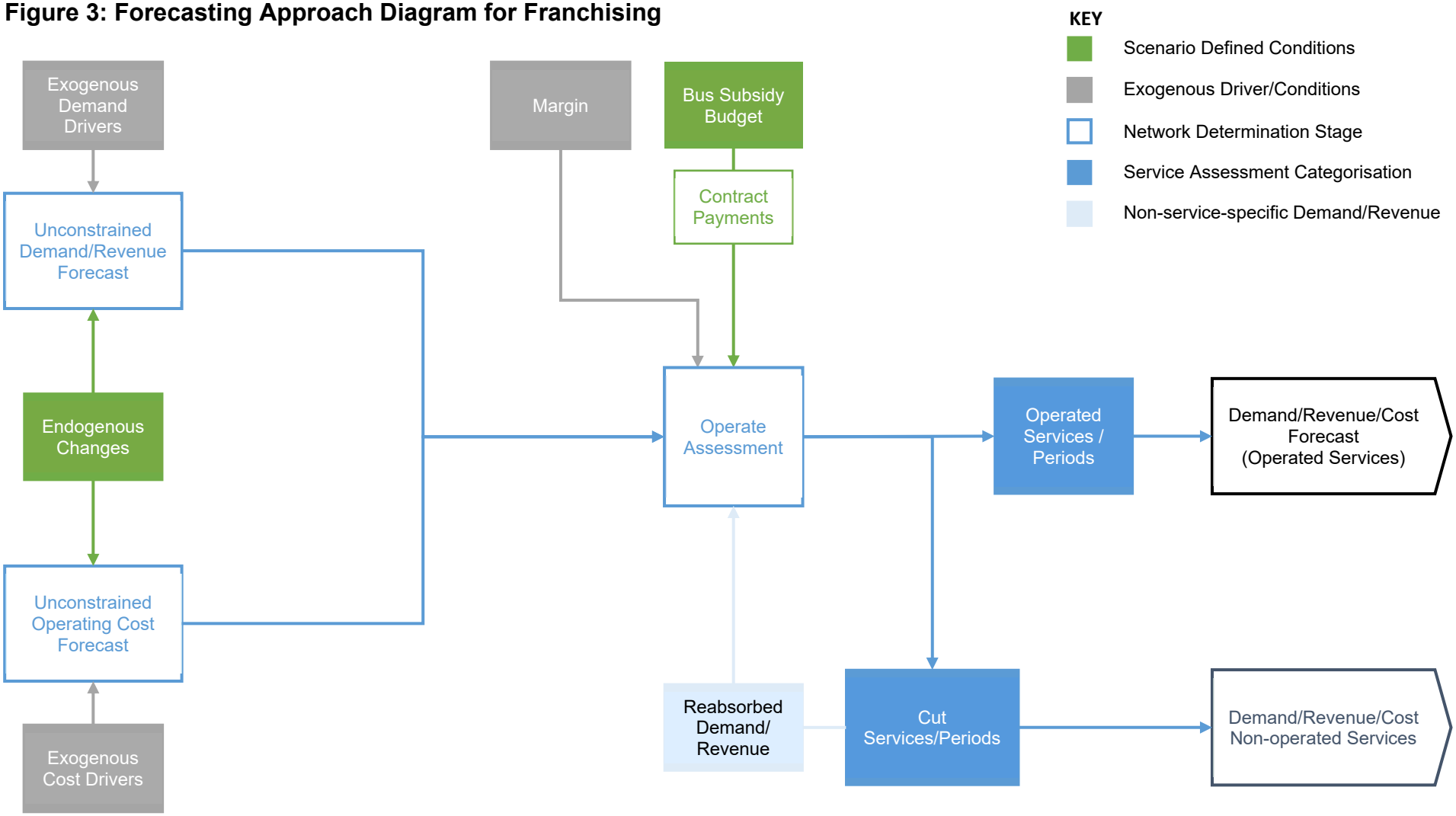
collectively within each Franchising zone with the choice of which are operated based on:

- the cost of services
- the mark-up applied by operators to achieve the required margin
- the total income for operating services, comprised of the farebox revenue generated and the level of funding available

3.6.7 As with supported services under the Reference Case and EP+, the decision of which services to operate is modelled based on the relative net cost per passenger.

3.6.8 The figure below outlines the overall forecasting process for Franchising.

Figure 3: Forecasting Approach Diagram for Franchising



3.7. Summary of key modelling assumptions

3.7.1 The forecasting approach described here uses a range of assumptions which inform the demand, revenue and cost forecasting, as well as the affordability of the network.

3.7.2 Subsequent sections of this Assessment outline the data and assumptions used to forecast demand, revenue and operating cost for each regulatory option under consideration. However, the key overarching assumptions in developing this Assessment, are set out below:

- The collective average profit margin across the portfolio of all commercial services in West Yorkshire is assumed to remain constant over the forecast period. This has been based on 2021/22 revenue and cost data provided by operators and West Yorkshire Combined Authority. This means that, where operators see their average profit decline due to rising costs and/or falling revenue, they will seek to trim services to return to their target average margin
- Where bus operators elect to trim services to maintain their target margin, they are assumed to do so on the basis of the ratio between revenue and operating cost for each individual service, hence maximising the profit margin for the portfolio
- In contrast, where the Combined Authority decides to and can afford to provide additional funding for supported services, it is assumed that those services with the lowest cost per passenger ratio will be supported first, in order to cater for as many passengers as possible and maximise the social benefit associated with the introduction of bus services
- Supported services under tendered contracts are assumed to have a 7.5% margin on revenue[19]. While there is limited data from bus operators which informs this assumption, it is considered reasonable and in line with benchmarked mark-ups in similar contracts (the rationale underpinning this assumption is provided in Section 4.7 the Financial Case)

[19] Equivalent to 8.1% mark-up on operating costs.

- Franchised services are assumed to have a 7.5% margin on revenue[20]. The margin that bus operators will target for these services will be based on a number of factors, such as level of competition, risk and reward balance or other wider portfolio considerations. It is believed that these potential issues have been appropriately addressed in the Commercial Case and therefore that the actual margin could in practice be lower, however a prudent assumption has been made for the purpose of the Assessment

3.7.3 Because of the different administrative costs associated with the Reference Case, EP+ and Franchising options, the effective bus subsidy budget is lower for EP+ than under the Reference Case and lower again for Franchising. The budgets, sourced from West Yorkshire Combined Authority and the Financial Case[21], are summarised below.

Table 3: Budget available for buses in West Yorkshire

Regulatory Case	Budget for 2027/2028 (expressed in 2021/22 Prices)
Reference Case	£51.4m
EP+	£50.5m
Franchising	£49.0m

Note: The budget is presented for 2027/28, when Franchising is implemented.

Source: West Yorkshire Combined Authority and the Financial Case

Treatment of Depot Costs

3.7.4 As introduced in Section 2, under the Franchising option West Yorkshire Combined Authority will purchase one depot for each of the largest lots within each Franchising zone, with these depots requiring infrastructure investment to facilitate the use of ZEB. Under EP+ there is no additional purchase of depots assumed, by either the public sector or operators, however investment in ZEB-related infrastructure will still be required. The same investment in ZEB infrastructure is also required in the Reference Case.

3.7.5 For the purpose of the appraisal of the Reform options cost estimates for depot investment have been taken from the Financial Case. These costs are

[20] Equivalent to 8.1% mark-up on operating costs.
[21] For more detail see Section 4 of the Financial Case

shown for each option below. Under all options central government is assumed to contribute 75% of the costs required for ZEB infrastructure through the equivalent of existing ZEBRA funding. Under Franchising the remaining cost is contributed by the Combined Authority; under the Reference Case and EP+ the remainder is contributed by private sector operators.

3.7.6 The treatment of cost in the economic appraisal is further discussed in Section 11.2 of this document.

Table 4: Depot costs for use in appraisal (2021 prices)

Scenario	Reference Case	EP+	Franchising
West Yorkshire Combined Authority investment in ZEB infrastructure	-	-	£14.5m
Central government investment in ZEB infrastructure	£43.5m	£43.5m	£43.5m
Private sector investment in ZEB infrastructure	£14.5m	£14.5m	-
Depot purchase costs	-	-	£27.5m

Source: Financial Case analysis

3.8. Assessing Uncertainty

3.8.1 Uncertainty is inherent to forecasting and must therefore be a key consideration in determining the social, economic and environmental impacts of each of the Reform options assessed in this Economic Case. In addition, the Covid-19 pandemic brought additional uncertainty to the future usage of bus (and all) transport. The two main areas of uncertainty are the following:

- Degree of recovery of bus patronage and long-term impacts due to changes in travel patterns and behaviour originated or exacerbated by Covid-19
- Availability of funding and ability for the Combined Authority to support an increasingly less commercial network

3.8.2 The Green Book and DfT's Uncertainty Toolkit[22] propose a scenario development and assessment process as one of the tools to appraise the performance of different options under different forecasts of the future, through the use of different assumptions for the key identified areas of uncertainty. The aim of this process is to test a wide range of different futures to understand which option is the most appropriate way forward and brings about the best changes.

3.8.3 The objective of this scenario development process is to appraise how the relative performance of these options varies depending on uncertainty factors. This allows consideration of conditions under which it would be appropriate, from an Economic Case perspective, to choose one Reform option over another one, informing West Yorkshire Combined Authority's overall decision-making process.

Recovery of Bus Patronage and Covid-19 Impacts

3.8.4 Covid-19 severely impacted bus travel during 2020 and 2021 following the cycles of lockdown, restrictions and reopening of the economy. The base data provided for the modelling is for the financial year of 2021/22 so is less directly impacted by Covid-19, however bus operators are still receiving some Bus Recovery Grant and there is still some potential recovery in bus demand after this period.

3.8.5 For the purpose of the assessment, only the long-term lasting impacts of Covid-19 on travel behaviour have been considered, as these will have an impact on the different Reform options along the appraisal period.

3.8.6 DfT statistics[23] show how actual demand has grown relative to before the Covid-19 pandemic. This shows that demand outside of London was at 70%

[22] TAG: Uncertainty Toolkit, Supplementary Guidance, Department for Transport, 2021.
[23] Department for Transport Official Statistics: Daily domestic transport use by mode: Great Britain, since 1 March 2020

of pre-Covid-19 levels in 2021/22 (the base year used in the modelling) and 83% of pre-Covid-19 levels in 2022/23. In West Yorkshire, recent data has shown weekday patronage has reached 85% in March 2023[24].

3.8.7 Given the long term demand recovery remains uncertain and given that recovery will vary across the country, vary within West Yorkshire and vary through the year, it is assumed that 80% is a reasonable conservative estimate for demand recovery in West Yorkshire in the longer-term and has therefore been adopted as part of the scenarios to be assessed.

3.8.8 As such, three possible 'extents' of the spectrum of uncertainty have been considered:

- A scenario where bus demand recovers to 80% of pre-Covid-19 levels.
- A scenario where no further growth in demand is assumed than that in the base year (70% of pre-Covid-19 levels). This could represent a scenario in which recovery in West Yorkshire is behind the national average
- A scenario where bus demand recovers to 90% of pre-Covid-19 levels.

Availability of Funding to Support the Bus Network

3.8.9 Alongside the impact that Covid-19 has had on bus travel, the pandemic and the rising cost of living has put further pressure on public sector budgets. This means that there is increased competition for any funding available in West Yorkshire.

3.8.10 Furthermore, bus costs are forecast to grow faster than bus revenues so the same level of funding will not be able to continue to support the current network financially; as services run by private operators become commercially unviable the operators are likely to trim these services to maintain their target profit margin. Therefore, if the same level of funding is available the bus network will reduce in size and reach. For this, three scenarios, as set out in Section 8 of the Financial Case, have been proposed:

[24] West Yorkshire Economic & Transport Insights Report, April 2023, https://www.westyorks-ca.gov.uk/media/10300/lcr-economic-and-transport-insights-april-external.pdf

- A ‘Base’ funding scenario: Funding for bus services is maintained in nominal terms until 2025/26, before growing at 2% per annum from 2026/27. This entails a cut in real terms from today’s level as TAG forecasts of CPI and RPI are greater than 2% on average until 2027/28
- An ‘Upside’ funding scenario: Funding available for each year would be increased by £10m from the Base scenario, indexed from 2026/27
- A ‘Downside’ funding scenario: The part of the bus budget that is not used for ENCTS (based on 2021/22 budget) would be frozen in nominal terms for the entire assessment period. Therefore, after 26/27, this scenario would have the levy continually reduced compared with the Base Funding Scenario

4. Unconstrained Demand and Revenue Forecasts

4.1.1 The unconstrained demand and revenue forecasts are projections of the potential demand and revenue that would be supported if the 2021/22 WY bus network were retained. The forecasts comprise two parts; the change as a result of social and economic exogenous drivers, which is common to all regulatory cases, and the changes (endogenous drivers) brought forward under EP+ and Franchising.

4.2. Overview of Demand Forecasting Approach

4.2.1 The approach to forecasting has been developed using industry good practice, parameters from The demand for public transport: a practical guide (TRL, 2004), the “Black Book” and in alignment with DfT’s Transport Appraisal Guidance (TAG).

4.2.2 Demand has been forecast using an elasticity model which estimates the changes in bus demand caused by the behavioural change of bus users as a result of exogenous and endogenous drivers.

4.2.3 This approach is considered appropriate as opposed to a full public transport model as the impacts of Bus Reform are incremental, and predominately impact an existing user population. This approach allows for forecasting and analysis on an individual-bus-service level which would have not been the case in a full zonal multi-modal model.

4.2.4 The effects resulting from exogenous and endogenous drivers differ for bus users across West Yorkshire, being dependent, among others, on the type of ticket used and whether the passenger is a concessionary travel pass holder.

4.2.5 To capture these differences in behavioural response, demand is segmented by route and into different user groups by ticket type. The demand and revenue forecasts are produced in three stages:

- Construction of base year
- Exogenous forecast – baseline change to bus demand
- Endogenous forecasts – impact of the initiatives under different regulatory options

Base Year

Demand and Revenue Input Data

4.2.6 The forecasts have been based on passenger data from 2021/22 provided by operators and West Yorkshire Combined Authority.

4.2.7 Demand data has been provided by operators from Electronic Ticket Machine ("ETM") records. The demand data from all operators is disaggregated by route and ticket or concession type.

4.2.8 The revenue data for commercial services comes from data of on-bus ticket sales collected from ETM alongside demand data, Combined Authority annual payments to operators for passengers using season tickets and ENCTS reimbursements to operators. First, Arriva, and Transdev have provided revenue summary data which includes off ticket bus sales. Where off-bus ticket sales have not been provided for SMO, an average yield based on the wider pool of fares and ticketing data was used.

Segmentation

4.2.9 For the demand data the user segmentation is taken directly from the data, based on groupings of different ticket types. The grouping is based on:

- The demographics of the ticket holder – Adult (18+)/young person/ENCTS user
- The type of product purchased:
    - (i) Single-operator ticket/Metro bus ticket/Metro multimodal ticket
    - (ii) Length of validity – single/day/other multi-trip ticket

Yield Calculation

4.2.10 The yield value is derived separately for singles, multi-trip products and ENCTS. The yield value for singles is inferred directly from the demand and revenue data.

4.2.11 For single operator multi-trip products, the per-trip yield is based on the total revenue for each ticket segment distributed across the corresponding journeys made using that product. This is because all revenue in the ETM data is allocated to the trip on which the ticket was purchased, or not allocated to trips if revenue was independently collected off-bus. For example, for a Weekly ticket purchased on-bus, all revenue would be allocated to the initial trip on which the ticket was purchased in the ETM records. To calculate the average yield per journey, the total revenue for this product type is divided by the total corresponding uses.

4.2.12 A similar calculation is done for multi-operator tickets, with the payment made by West Yorkshire Combined Authority to each operator for each ticket type (such as Zonal M-Card products) distributed across the corresponding ticket use. A similar calculation is done for the yield generated for ENCTS demand and revenue.

Exogenous Forecasts

4.2.13 Demand for bus travel is impacted by social and economic factors that are independent of how buses are operated. These exogenous effects will influence the underlying demand for bus travel regardless of any approach taken to Bus Reform. The following exogenous drivers that can impact bus demand and have been captured as part of this appraisal are:

- Gross Domestic Product (GDP)
- Population
- Employment
- Car ownership
- Cost of car ownership (car operating cost)

4.2.14 GDP increases are associated with increases in travel demand. This increase results from the population in general becoming more affluent and therefore having more disposable income to spend on discretionary travel. Some of this increase can also be associated with greater commuting and business travel, given GDP increases are typically associated with increases in employment. The exogenous forecast assumes a GDP

increase based on that contained in the TAG databook[25], at a national level that, in isolation, would create an increase in bus demand. However, GDP increases are also associated with increased rates of car ownership which has a counter effect on bus demand. The overall effect of GDP on bus travel, when factoring for car ownership, is therefore net negative. The demand response to GDP changes is assumed to be only fully realised over a number of years as consumer behaviour does not and cannot adjust immediately.

4.2.15 Overall demand for travel in West Yorkshire will be impacted by the change in population with the relationship between the two assumed to be directly proportional and immediate. Different groups of people make a different number of trips per head, based on their sociodemographic characteristics, including those travelling on concessionary tickets. The change in population over time varies depending on geography and age group. The geographic effects on population are driven by other economic factors such as where employment centres are located and increasing urbanisation. The population size of different age groups is impacted by the ageing population and birth rates. Based on DfT's National Trip-End Model (NTEM), the overall populations in each local authority within West Yorkshire are expected to increase. The size of the population under 16 and population between the ages of 16 and 74 are forecast to see a marginal increase; a significant increase is forecast in the size of the population who are 75 and over.

4.2.16 Increases in employment are associated with increased travel through more people commuting and travelling for business as well as having greater disposable income to spend on discretionary travel. The Black Book does not provide any specific parameters for how bus travel changes with employment. However, evidence from PDFH[26] 6.0 (B2) suggests that for rail the demand increases at a proportionally greater rate than the increase in employment. A similar relationship has been assumed for bus travel, but without specific evidence a smaller demand response (demand change directly proportional to change in employment rates) has prudently been

[25] Annual Parameters sheet of the January 2023 TAG Databook
[26] Passenger Demand Forecasting Handbook, UK Rail Industry Guidance.

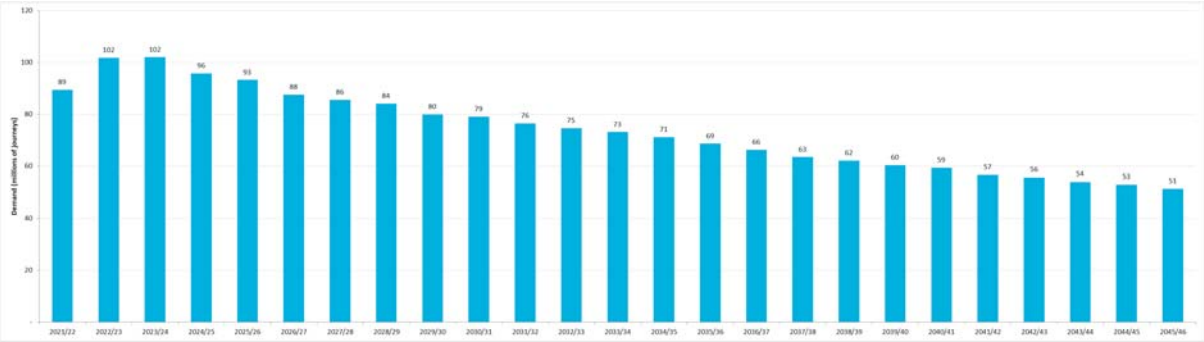
used. These effects are assumed to occur immediately. For West Yorkshire, NTEM shows an increase in employment for all local authorities. However, the rate of growth will vary based on local economic factors.

4.2.17 Decreases in the cost of car ownership make the relative cost of car use compared to bus lower, resulting in a reduction of bus demand (and vice versa). The trend for the reduction in car ownership costs is expected to continue, further supressing demand for bus services.

4.2.18 The exogenous effect of congestion reduces travel demand as it increases travel time for the affected modes resulting in users choosing not to undertake some journeys or diverting to other, less affected, modes. Whilst congestion in the UK in general and West Yorkshire specifically is expected to increase, the impact on bus demand has not been assessed as part of this appraisal as West Yorkshire Combined Authority's investment in interventions aimed address the impact of congestion is expected to be the same across the Reference Case and both of the Reform options. As these interventions can be introduced without the need for Bus Reform, their effect can be included under any Reform option and the Reference Case. As a result, the net effect between the Reference Case and any Reform option will be neutral.

4.2.19 The figures below show the unconstrained demand trajectory under the Reference Case. As described in the Strategic Case, bus patronage has been in decline over the past decade. The aggregate impact of the various exogenous effects is forecast to generate a continued decline in bus patronage within West Yorkshire.

Figure 4: Unconstrained Demand Forecast (Reference Case)



Source: Economic Case forecasting models

4.2.20 Bus demand is forecast to be annually around 38 million passengers lower by 2045/46 under the unconstrained Reference Case.

4.2.21 However, in addition to the exogenous natural decline of patronage, two additional factors are anticipated to impact demand:

- Behavioural changes occasioned by Covid-19 led to a reduction in bus demand, present in the model base year. Whilst further recovery from this level has been observed and forecast, a permanent reduction in demand compared to pre-Covid-19 level is expected
- Funding constraints might result in further reductions in bus services due to an increase in the need to provide funding for supported services (so, in the absence of funding, more services would be cut as they could not be supported)

4.2.22 The scenarios described in Sub-section 3.8 are applied to the above unconstrained forecast to reflect the uncertainty over both the long-term impact of Covid-19 on patronage and the funding available to West Yorkshire Combined Authority.

West Yorkshire Mass Transit

4.2.23 The Strategic Case sets out the possible benefits of Bus Reform in terms of the ability for the bus services and network to be integrated with the proposed West Yorkshire Mass Transit network. The Strategic Case also describes Mass Transit's role as one of the interdependencies of the Bus Reform options. Whilst the potential integration benefits of Bus Reform are an important part of the Strategic Case, the modelling and appraisal framework used as a part of this Assessment does not include or model the potential impacts of Mass Transit in West Yorkshire, delivery of which is further into the future than proposals for Bus Reform.

Endogenous Forecasts

4.2.24 The endogenous forecasts capture the passenger impacts of changes made to bus services in West Yorkshire either by the Combined Authority or operators. Separate endogenous forecasts have been produced for each different regulatory option, including the Reference Case against which they are compared. These changes will be as a result of the initiatives introduced

under the EP+ and Franchising options, and not in the Reference Case, or, for example, as a result of reductions in services under the Reference Case, which do not take place under the other Reform options.

4.2.25 In each Reform option, the impact of changes to the network, as well as fares and ticketing, have been quantified.

Network Interventions

4.2.26 As described in Sub-section 2.2, the proposed network interventions include changes to enhance the frequency of current services, rationalise/coordinate services to give a more even distribution of headway across corridors, adjust the route of currently commercial services to remove the need for similar tendered services, and avoid duplication where two or more operators compete on the same route.

4.2.27 Under the Reference Case there are no anticipated changes to the network. However, the level of service across the network will reduce as a whole, as a result of only a limited amount of supported services being able to operate within the Combined Authority's budget when commercial services cease to operate as they become unprofitable.

4.2.28 The EP+ scenario introduces interventions achievable under EP+ assuming agreement with the operators. These include all proposed frequency enhancements, and rationalisation of services on some corridors. However, similar to the Reference Case, a long-term funding commitment is required to support services which cease to be commercial and to introduce improvements to the network which are not commercially viable to operators.

4.2.29 The demand impact for network interventions is modelled using a long and short term elasticity approach.

4.2.30 All proposed service changes are assumed to be delivered under Franchising, where West Yorkshire Combined Authority could use its greater control of the Network to make further interventions. As well as those delivered under EP+, this includes rationalisation on further corridors (where this is more complex or involves several operators), adjusting services to remove the need for tenders, and avoiding competing routes.

4.2.31 Both EP+ and Franchising options generate a demand increase relative to the base, reducing the overall attenuation of demand that results from the exogenous effects to bus demand. The network enhancement impacts of Franchising are marginally greater than for EP+ given more routes are affected. The revenue impact of the network interventions is proportionate to demand in both cases.

Fare and Ticketing Interventions

4.2.32 Under Franchising West Yorkshire Combined Authority propose a range of measures to improve and simplify the ticketing. These changes are expected to result in an increase in demand. When evaluating comparable proposals, research for Nexus[27] found that passengers perceived a willingness-to-pay benefit that would equate to an uplift in demand of 2.5% for extensive ticket simplification.

4.2.33 Under the Reference Case, the range and validity of tickets would remain the same, and therefore no demand or revenue impact is applied.

4.2.34 Under EP+, where funding allows and subject to negotiation with operators, the fare for multi-operator tickets could be reduced, additional fare capping implemented and additional concessionary schemes introduced. A demand uplift of 1.25% has been assumed, representing around half the benefit achievable with the full fare simplification measures. As a result of the demand uplift from simplified ticketing, fares could be reduced to benefit passengers, whilst resulting in an approximate revenue net neutral position. Accordingly an offsetting fare cut of 1.25% is assumed.

4.2.35 Under Franchising, West Yorkshire Combined Authority would have full control of the fares and ticketing of Franchised services. This would facilitate the introduction of a single sales channel or app, providing further simplification for passengers. The full demand uplift of 2.5% is applied, with an offsetting fare cut of 2.5%

[27] Simplified Ticketing Research (Nexus, 2013)

4.3. Revenue Forecasts

4.3.1 Fares paid by passengers are the primary form of revenue generated from the commercial operation of local bus services. However, a proportion of journeys are also paid for under ENCTS – a reimbursement to bus operators for the provision of concessionary travel, which is funded from the public sector purse. Whilst not strictly a revenue stream in the same way that farebox revenue is, it is appropriate to treat it as such for the purposes of appraisal and the wider Assessment. Therefore, forecasts are produced for farebox revenue and ENCTS revenue.

Farebox Revenue

4.3.2 As outlined in the Strategic Case, there are three categories of ticket types that can be purchased for bus travel in West Yorkshire. They are singles, single-operator multi-trip tickets and multi-operator multi-trip tickets.

4.3.3 For some single-operator and multi-operator tickets, there can be geographic restrictions limiting travel to certain parts of the West Yorkshire Combined Authority area, depending on where operators' services operate and the products they offer.

Commercial Services Operator Remuneration

4.3.4 Where a service is operated commercially, the operator retains revenue. The revenue received by an operator across all its commercial services is a combination of the fares received for singles, the revenue from its own single-operator tickets and a portion of the revenue generated from the sale of Metro tickets. This proportion is based on estimations of the passenger journeys taken on an operator's services using Metro travel products.

Supported Services

4.3.5 Services operated wholly under contract to West Yorkshire Combined Authority (fully supported services) are either tendered as gross cost contracts, with revenue being collected by the Combined Authority [28] or net cost services. Under a net cost service, operators take on income and cost risk but retain all passenger revenue; subsidies are paid by the Combined

[28] This includes a self-payment for the use of West Yorkshire Combined Authority Tickets.

Authority for any unprofitable services. For some commercial services operators receive de minimis payments from the Combined Authority [29]. These payments are made for example where the hours of operation or the route of commercial services are extended at the request of the Combined Authority. In these instances, the payment is received in addition to any fares revenue generated by these services.

ENCTS

4.3.6 There is a statutory requirement for local bus operators to accept ENCTS passes, as discussed in of the Strategic Case. Whilst it uses audited operator estimates of the number of journeys made on their services using ENCTS passes, the reimbursement is also impacted by operator specific variations in operating cost and the available budget for ENCTS. ENCTS is primarily funded by HM Treasury and forms part of the DLUHC formula grant provided to each LTA. This funding is not explicitly allocated to any operator but the negotiated amounts for commercial services are paid to operators and any remainder retained by West Yorkshire Combined Authority to fund concessionary travel on supported services.

Revenue Forecasting Approach

4.3.7 Farebox revenue forecasts are calculated using the forecast demand, which is segmented by different ticket types and the yield[30] per journey for each product. Where appropriate the yield is changed in line with fares changes. ENCTS revenue forecasts are calculated similarly but using the derived per journey subsidy amount paid to each bus service provider[31] instead of yield. The yield value of ENCTS is assumed to remain constant in real terms. This has been assumed to allow a consistent representation of the commerciality of services overall.

[29] De minimis payments can be provided by Local Authorities to pay for enhancements to existing commercial bus services, such as extensions or diversions. These payments are capped as they were limited by EU state aid rules.
[30] In this context, yield is used to describe the average value of fare revenue received per trip for each ticket category, taking into account any variations/discounts/concessions etc and as such, not specifically aligned with any published fare value
[31] This includes payments made for ENCTS use on supported services.

Calculating Yield

4.3.8 Yield is calculated separately for journeys made on singles, single-operator tickets, multi-operator tickets and ENCTS passes. The yield for singles is based on the face value of the fare as the entire fare is applicable to a single journey. For single operator tickets the yield is calculated based on revenue generated for each product divided across the total number of journeys taken using that product. A similar calculation is done for multi-operator tickets but based on the payment made by West Yorkshire Combined Authority to each operator for each of the different ticket types. ENCTS yield is based on the payment each operator receives (including the effective payment the Combined Authority makes to itself for supported services) divided by the total ENCTS demand.

Conclusions

4.3.9 Based on the approach described in this section, unconstrained demand and revenue for each of the Reform options have been forecast. These have been combined with the operating cost forecasts and funding constraints to produce a constrained forecast under the different scenarios considered. The results of these constrained forecasts are presented later in this document.

5. Unconstrained Forecasts of Cost of Bus Reform

5.1. Introduction

5.1.1 The unconstrained operating cost forecasts are projections of the potential cost of bus delivery required assuming that the 2021/22 WY bus network was retained. The forecasts comprise two parts; the growth in the underlying cost drivers, which is common to all regulatory cases, and the changes brought forward under EP+ and Franchising. It should be noted that costs are presented net of operator margin, allowing a more equivalent comparison among Reform options, where margin differs between commercial and supported services.

5.1.2 This section describes the costs of operating buses within West Yorkshire. It presents and compares the costs of EP+ and Franchising against those incurred under the Reference Case. As part of this comparison, it considers the cost to the private sector, costs to West Yorkshire Combined Authority and costs to HM Treasury under each regulatory option.

5.1.3 As discussed in Section 2, this Economic Case does not appraise all of the interventions proposed as some interventions (such as bus priority measures) do not require the introduction of EP+ or Franchising. Therefore, in comparing EP+ or Franchising to the Reference Case the net impact of these interventions would be neutral and would not influence the case. The interventions appraised are therefore:

- network enhancements
- fares and ticketing changes
- The introduction of a zero emission fleet

5.1.4 The remainder of this section provides an overview of the approach taken to appraising costs and presents the cost forecasts produced.

5.2. Reference Case Operating Costs

5.2.1 Operating costs have been estimated for each route using data provided by the operators and West Yorkshire Combined Authority. The forecasts are based on a single base year (1 May 2021 to 30 April 2022, assumed to represent financial year 2021/22) with growth factors applied to estimate the increase in costs over the appraisal period. To allow for appropriate growth rates to be applied and relevant cost changes to be made for the appraisal, costs have been itemised into the following groups:

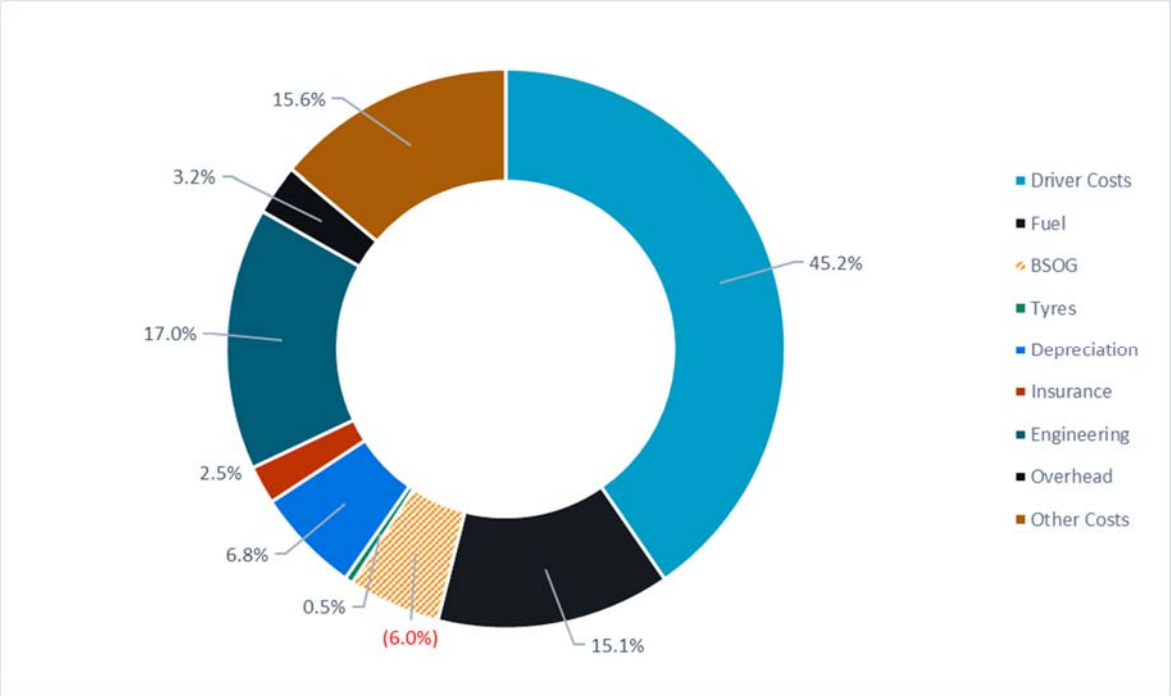
- Driver costs
- Depreciation
- Fuel
- BSOG[32]
- Tyres
- Insurance
- Engineering
- Overheads
- Other

5.2.2 The base year breakdown of costs is presented in the figure overleaf.

5.2.3 Not all operators were able to provide fully disaggregated cost data for their services. Due to the scale of operations of the SMO (those other than First Group, Arriva and Transdev) they do not collect detailed cost data. However, this is not material for the forecasts, given that the large operators alone, which have provided detailed cost data, represent around 97.5% of the overall West Yorkshire Combined Authority operating cost.

[32] The Bus Service Operators Grant is paid to operators of local bus services to cover some operating costs, relating to diesel fuel consumption. The intention of the grant is to reduce fares for passengers and enable the operation of services that would otherwise not be financially viable. BSOG was originally hypothecated as a fuel duty rebate, however it is now calculated on a service kilometre basis, with the payment per kilometre varying by the type of fuel used. Additional payments are also made for using low emissions vehicles, accepting smartcard tickets and having automatic vehicle location. BSOG is funded by the Treasury (HMT) and is paid to both commercial operators and public sector bodies who either run or contract services. BSOG is generally treated as a negative operating cost.

Figure 5: Bus Operating Cost Breakdown



Source: Economic Case analysis of operator data

5.2.4 For services operated by SMO the absence of cost data means a cost for each route has been synthesised using the revenue data for these routes and an average margin calculated from the cost and revenue data of other routes. Based on the available data, an average margin of 10% has been assumed.

Cost growth

5.2.5 The growth of costs will be different for each cost group due to the influence of different market factors.

5.2.6 Fuel is tied to the Diesel Fuel Index from the TAG databook[33], expressed in real RPI terms. As BSOG is linked to the cost of fuel, its change is also tied to the to the Diesel Fuel Index.

5.2.7 For all cost groups other than fuel and BSOG, the growth rate is treated relative to RPI growth. As such, RPI growth is adjusted for each of the cost groups based on Confederation of Passenger Transport data (which shows how each of the cost items grew historically relative to RPI). The underlying increase or decrease in growth rates beyond RPI is affected by factors such

[33] Table A1.3.7 of the May 2022 TAG Databook

as average national and local wages, changes in materials costs and changes in insurance premiums.

5.2.8 The total cost growth by segment for all services is presented in the table below.

Table 5: Cost Growth Rates (real growth)

Cost item	Base Index	Real annual growth rate
Driver costs	RPI	+1.0%
Fuel	Diesel fuel index	-
BSOG	Diesel fuel index	-
Tyre cost	RPI	+2.5%
Depreciation	RPI	+0.5%
Insurance	RPI	-2.0%
Engineering	RPI	-1.0%
Overhead	RPI	-
Other cost	RPI	+2.5%

Source: Confederation of Passenger Transport

5.2.9 Overall, the combined impact of the growth in cost for operating buses is equivalent to a composite annual growth rate of 0.66% (CAGR) above RPI over the period 2021 to 2045. Cost growth is applied for a period of 24 years, on the grounds that uncertainty about change in cost increases the further out the forecast is extended. After the 24-year period costs (as well as revenues, ensuring consistency) are assumed to remain constant in RPI real terms, given the aforementioned uncertainty in forecasting beyond the model forecasting period.

5.3. Operating Cost Impact of Network Interventions

5.3.1 The cost of running a bus service is affected by the total distance operated by the vehicles providing the service (service kilometres). It is also affected by the peak vehicle requirement (PVR). This is the maximum number of vehicles required at any period over the course of a day to deliver the timetabled frequency of the service.

5.3.2 For each operating cost item, the total annual cost will be predominately influenced by either the services kilometres, or by the PVR. The total cost of

each item is therefore calculated using one of these. For each service change, uplifts to total vehicle kilometres and PVR have been derived and are applied to the relevant cost items to generate the forecast operating cost.

5.3.3 The cost of service frequency improvements is represented based on the proportional change in service kilometres (based on the change in frequency), and change in PVR estimated by the Combined Authority's bus services team.

5.3.4 For proposed service rationalisations or coordination of headways no additional cost is assumed, as there is no change to the level of service provided – simply a more even timetable of the existing services.

5.3.5 Adjustments to the currently commercial network to remove the need for a tendered service are modelled through an estimated reduction in PVR, based on that of the tendered service. As the existing services would adjust or extend their route to cover the tender, no reduction in mileage is assumed.

5.3.6 Similarly for interventions on routes where two or more operators are currently competing, a reduction in PVR is assumed to represent the efficiency gained from avoiding duplication of the network.

5.3.7 Under Franchising BSOG would be devolved to West Yorkshire Combined Authority, as opposed to being paid by DfT to operators. The impact of this devolution has been assumed to be non-material to this Assessment, effectively being pooled with the Combined Authority's wider budget available for funding bus services, and so negating any impact on bus operators.

5.3.8 It should be noted that, while the cost of the network interventions has been calculated as described above, in a context where there is limited funding to support services and where the proposed network enhancements are usually not commercially viable (as otherwise commercial operators would be running them currently), some of the proposed changes to services will not be able to operate given the funding constraints.

5.4. Zero Emission Fleet Costs

5.4.1 Under all delivery options considered in the assessment, the bus fleet is expected to transition to ZEB, affecting:

- vehicle costs
- depot/infrastructure costs
- fuel costs
- driver costs

Vehicle Costs

5.4.2 The appraisal has looked at the transition to battery electric and hydrogen electric buses. Whilst the costs of purchasing electric buses will decrease relative to diesel bus over time, there is uncertainty about the rate of change and the eventual cost floor. For appraisal purposes, subsidised vehicle costs are assumed to remain constant at today's prices over the forecast period. The current cost of ZEB is assumed to represent a net cost to West Yorkshire Combined Authority of £259k per bus (in 2021/22 real prices). This figure includes the acquisition of the bus and is net of the DfT grant on acquisition of electric buses, which covers 75% of the difference in cost between a ZEB and a new diesel bus.

Depot Infrastructure Costs

5.4.3 Using battery electric and hydrogen buses requires new charging infrastructure at depots. No on-route charging infrastructure has been assumed for the operation of battery buses as on-route charging is currently not a solution that most operators consider to be attractive at this time (and even allowing short charging windows within operations would still require extra vehicles and/or disadvantage passengers).

5.4.4 Depot fit-out costs, which assumes DfT funding for ZEB related infrastructure, are assumed at £15,000 per ZEB.

Treatment of Fuel Costs

5.4.5 The energy costs for charging battery electric buses are lower than the equivalent fuel cost for diesel buses[34]. This will result in a net 'fuel' saving in the operating cost of buses. The energy cost for a battery electric bus is assumed to be three quarters of the equivalent fuel costs.

5.4.6 Under the current system, battery electric buses would receive a lower rate of BSOG, as they do not attract the 'fuel rebate' component of the grant. However, as committed in the Bus Back Better, at the point either EP+ or Franchising comes into effect, ZEB will receive a reimbursement at a rate that is equivalent to diesel. As electric buses do not generate fuel duty the resulting net cost of BSOG to HM Treasury is increased. This is captured within the appraisal.

Additional Driver and Vehicle Costs

5.4.7 Battery electric buses have a more limited range than their diesel counterparts. In some instances, this will mean a vehicle cannot complete a days' service under a single charge. In specific circumstances this problem can be solved by using on-route rapid charging technologies. However, if the entire fleet was transitioning to electric buses, on-route charging would be unlikely to be a cost-effective solution and, as discussed earlier in this sub-section, currently not a solution that most operators consider to be attractive, although that might change in the future. An alternative to addressing the range issue is to increase the number of vehicles used to fulfil the timetabled service, relative to the number of diesel vehicles used. This reduces the operating kilometres of each vehicle and therefore the required range. It also allows vehicles to return to the depot during the course of a day to recharge.

5.4.8 An average uplift in the PVR of 10% above the number of diesel vehicles is assumed to be required for operating the service using battery electric vehicles[35]. This also has a corresponding impact on the number of drivers required. The same uplift is assumed for the driver costs.

[34] This assumption has been derived from information held by Steer over its wider project experience

[35] This assumption is derived from internal Steer research, which looked to proportionately establish a broad scale of impact across different operating circumstance. 10% is considered a reasonable allowance, beyond which alternative options such as opportunity charging or fuel-cell technologies could provide more cost-efficient solutions, for services where this is necessary.

5.5. Preparation, Administration and Management Costs

5.5.1 Under EP+ and Franchising, West Yorkshire Combined Authority will have increased costs associated with the preparation and implementation of either set of Reforms as well as the ongoing cost of managing both. Primarily these costs will be increased Combined Authority staff costs and administration and office costs. The values for these costs have been informed by the Management Case.

5.5.2 Following initial implementation costs, ongoing management costs for West Yorkshire Combined Authority to manage EP+ would amount to £0.9m per annum (2021/22 prices). Further detail is presented in the Financial and Management Cases[36]. An increase in costs to the Combined Authority of 1% of the cost of supported services is assumed, associated with increased management costs as more of the network becomes supported over time.

5.5.3 Following initial implementation costs, ongoing management costs for the Combined Authority to manage Franchising would amount to £2.3m per annum (2021/22 prices). Further detail is presented in the Financial and Management Cases.

5.6. Non-Bus and Bus Indirect Costs

5.6.1 The proposed interventions to bus services will increase bus demand. As described earlier, a portion of this will be people switching to buses from other modes. This will impact public finances in several ways:

5.6.2 **Fuel duty** income from private vehicles is reduced as a result of people switching from using cars to bus. This reduces the amount of fuel used for car travel with a proportionate decrease in fuel duty.

5.6.3 **Infrastructure costs** are similarly reduced by the switch from car. For the equivalent number of passengers, the wear created on highway

[36] The costs of EP+ include additional resource associated with West Yorkshire Combined Authority taking over responsibility for administering bus registrations from the Traffic Commissioner, see for example Table 3 of the Management Case

infrastructure by car use is significantly greater than for bus (for an equivalent number of travellers). People switching from car to bus will therefore marginally reduce highway maintenance cost to Local Authorities.

5.6.4 **Reduction in revenue on other public transport modes** will also occur resulting from people switching to bus travel from rail. This will result in reduced revenue for these services.

5.6.5 These impacts are discussed further in Section 11 of this Economic Case.

5.7. Conclusions

5.7.1 Based on the approach described in this section, unconstrained cost forecasts for each of the Reform options have been derived. These have then been combined with the demand and revenue forecasts, as well as with the Covid-19 long-term impacts and funding alternatives to produce a constrained forecast under the different scenarios considered. The results of these constrained forecasts are presented in Section 6 of this Economic Case.

6. Demand, Revenue and Cost Forecasts

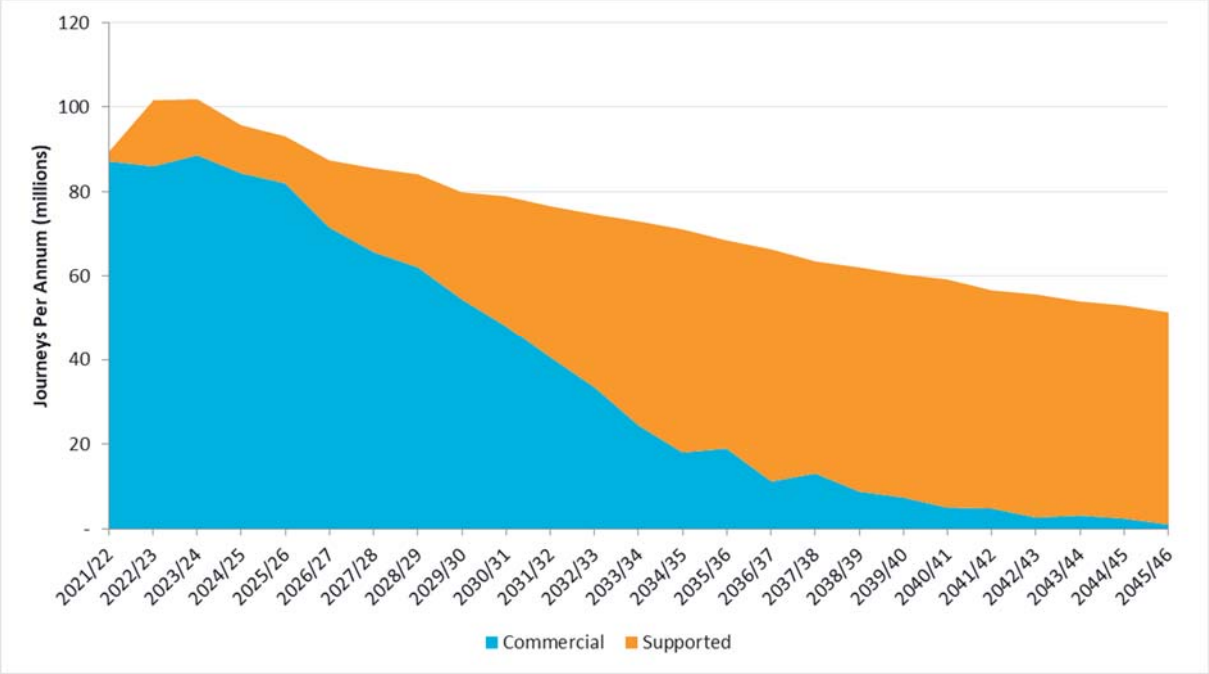
6.1. Introduction

6.1.1 This section presents demand, revenue and cost forecasts for the Reform options under consideration. These forecasts take into account the long-term Covid-19 impact on bus patronage and Mayor's Fares as well as the (constrained) funding available to West Yorkshire Combined Authority to support buses. The 'central' scenario where bus patronage recovers to 80% of previous levels and the funding available to the Combined Authority stays constant in real terms, has been used throughout this section to summarise the forecasting process. A comparison with the other scenarios tested is presented at the end of the section. The forecasts do not include school services or cross boundary services which are considered separately.

6.2. Demand Forecasts

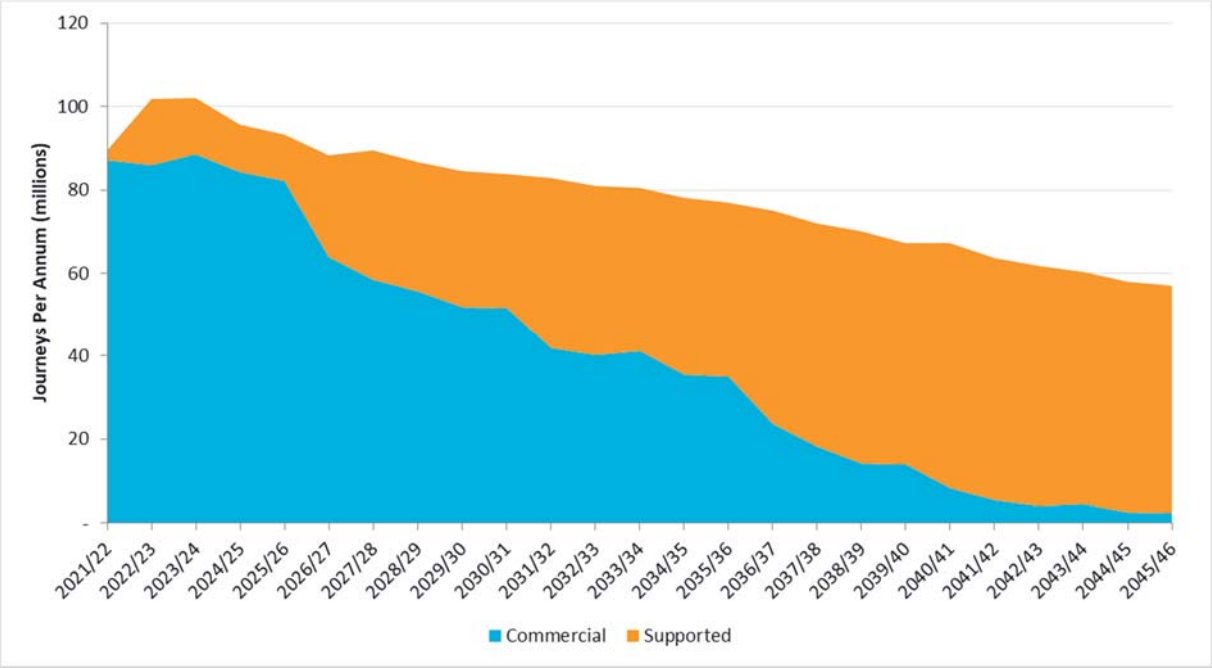
6.2.1 The demand forecasts for each of the Reference Case, EP+ and Franchising options are presented below for the central scenario. The graphs show the proportions of bus demand on commercial and supported services.

Figure 6: Reference Case Demand Forecast



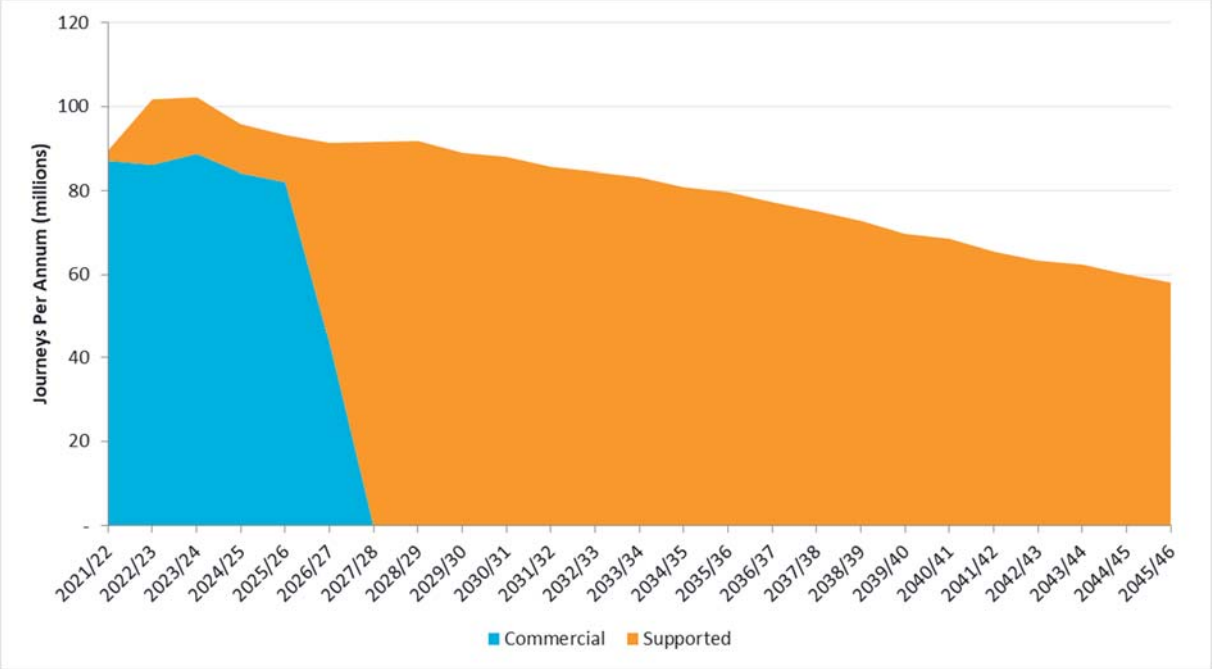
Source: Economic Case forecasting models

Figure 7: EP+ Demand Forecast



Source: Economic Case forecasting models

Figure 8: Franchising Demand Forecast



Source: Economic Case forecasting models

6.2.2 These graphs show that, following an initial increase due to recovery from the impacts of Covid-19, bus patronage is forecast to continue to decline over time, in line with the historical trend. As services become less profitable and with a proportion of pre-Covid-19 demand not returning, operators will trim them from their commercial networks. Where public sector funding is available, a proportion of these become supported services, thus the proportion of demand on supported services increases overall over time. The Franchising graph shows that all services become 'supported' as West Yorkshire Combined Authority takes control of services when these are franchised. These forecasts assume no further interventions (beyond those already described) are implemented to increase bus patronage, across any option.

6.2.3 Overall, Franchising allows a greater proportion of bus demand to be maintained in the network than EP+ and the Reference Case, for the same quantum of funding. A summary of bus demand in the West Yorkshire bus network in 2041/42,15 years after the first zones are franchised, is presented in the table below.

Table 6: Summary of Bus Demand in 2041/42 (journeys)

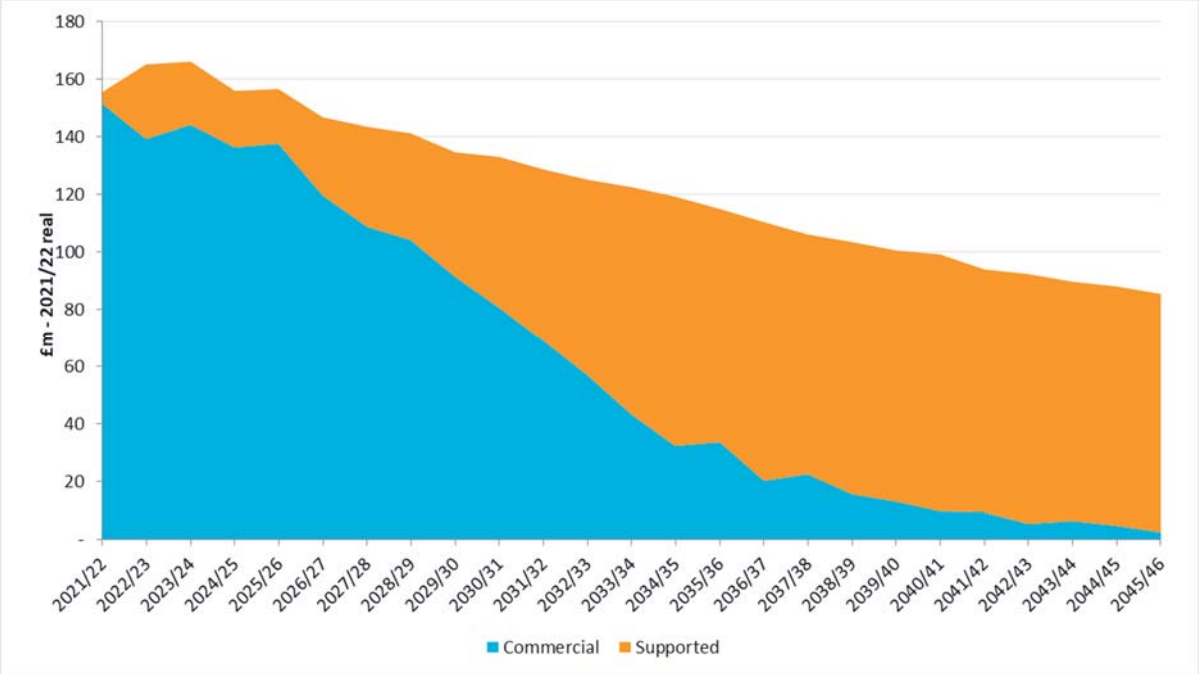
Option	Total demand	Commercial demand	Supported demand
Reference Case	57m	5m	52m
EP+	64m	5m	58m
Franchising	66m	0m	66m

Source: Economic Case forecasting models

6.3. Revenue Forecasts

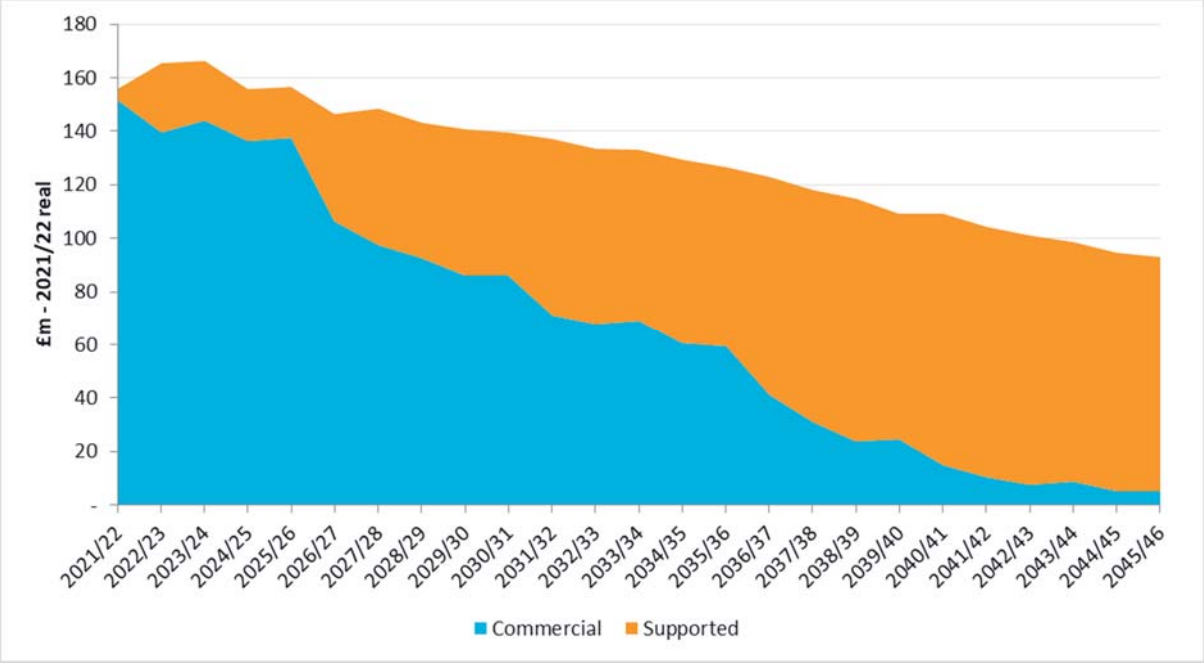
6.3.1 The revenue forecasts for each of the Reference Case, EP+ and Franchising options are presented below for the central scenario. The graphs show the proportion of revenue on commercial and supported services.

Figure 9: Reference Case Revenue Forecast (£m, 2021/22 prices)



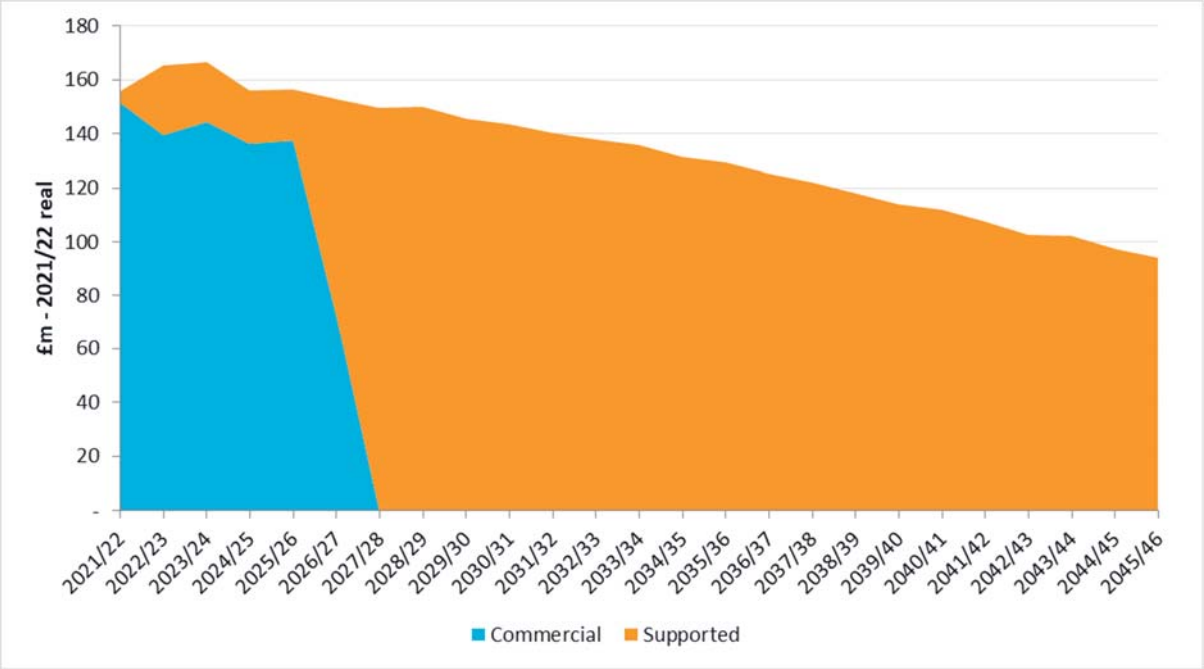
Source: Economic Case forecasting models

Figure 10: EP+ Revenue Forecast (£m, 2021/22 prices)



Source: Economic Case forecasting models

Figure 11: Franchising Revenue Forecast (£m, 2021/22 prices)



Source: Economic Case forecasting models

6.3.2 The same pattern is observed in the revenue forecasts as for demand, with revenue declining over time (following an initial period of recovery from Covid-19 impacts) as the network reduces in line with the funding availability.

6.3.3 Overall, Franchising allows a greater proportion of bus revenue to be maintained in the network than EP+ and the Reference Case. A summary of bus revenue in the West Yorkshire bus network in 2041/42 is presented in the table below.

Table 7: Summary of Bus Revenue in 2041/42 (2021/22 real prices)

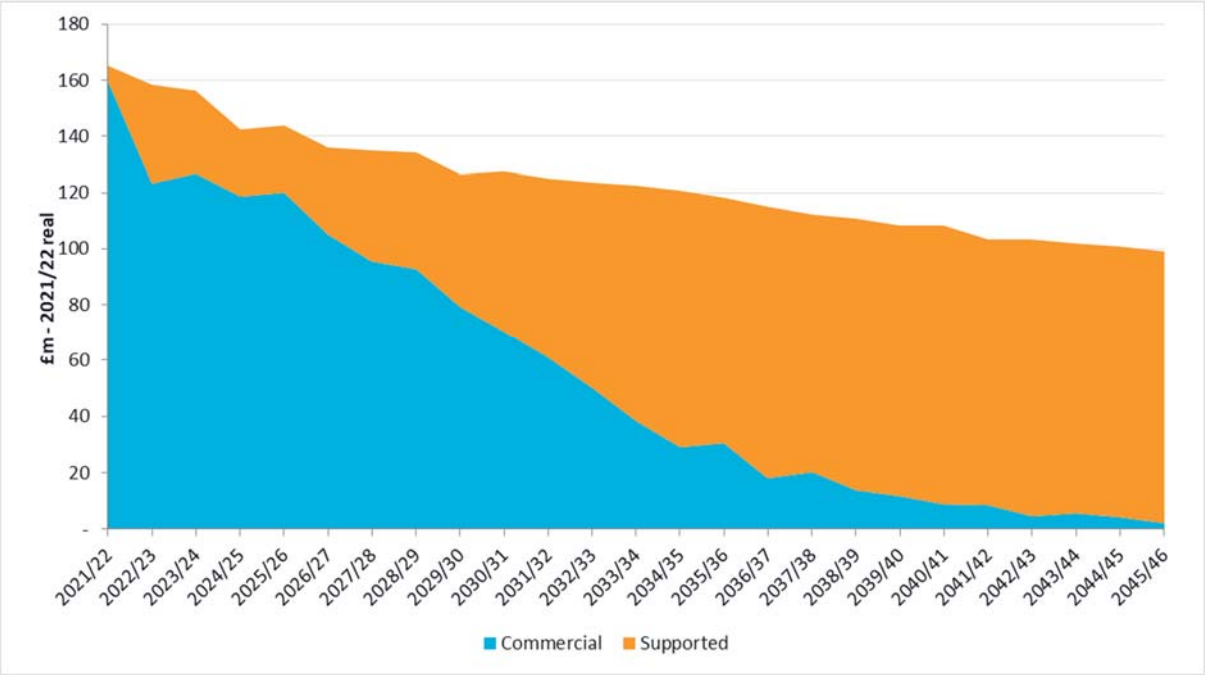
Option	Total revenue	Commercial revenue	Supported revenue
Reference Case	£94m	£9m	£85m
EP+	£104m	£10m	£94m
Franchising	£107m	£0m	£107m

Source: Economic Case forecasting models

6.4. Operating Cost Forecasts

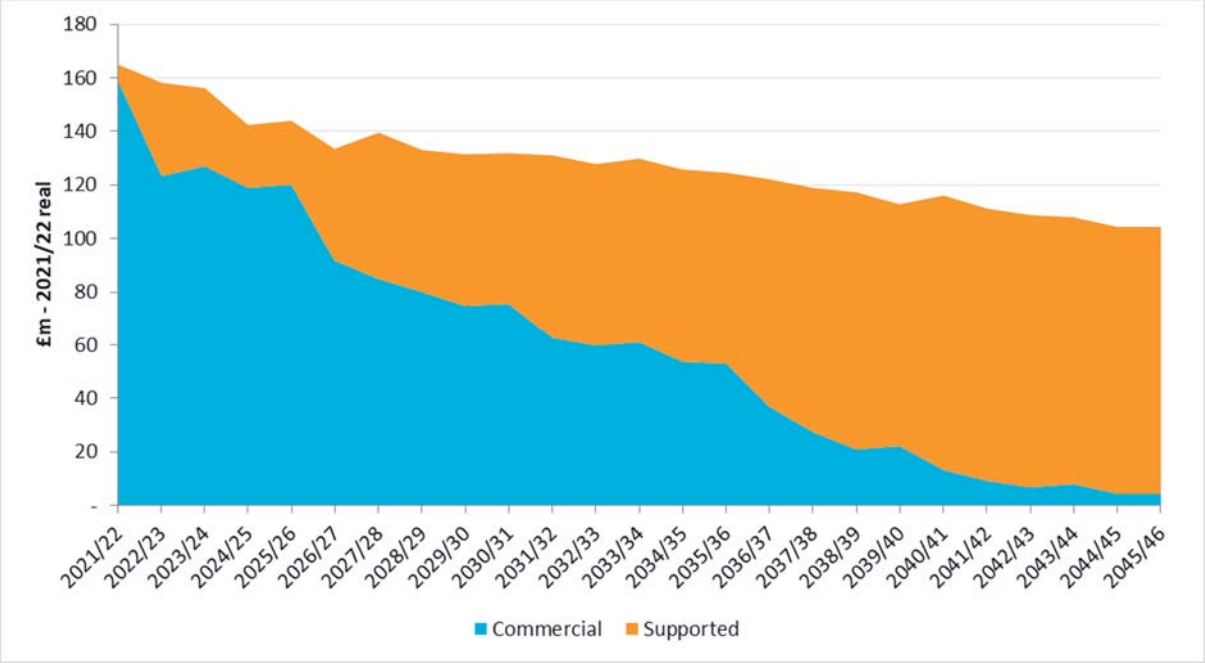
6.4.1 The operating cost forecasts for each of the Reference Case, EP+ and Franchising options are presented below for the central scenario. The graphs show the proportion of operating cost on commercial and supported services.

Figure 12: Reference Case Operating Cost Forecast (£m, 2021/22 prices)



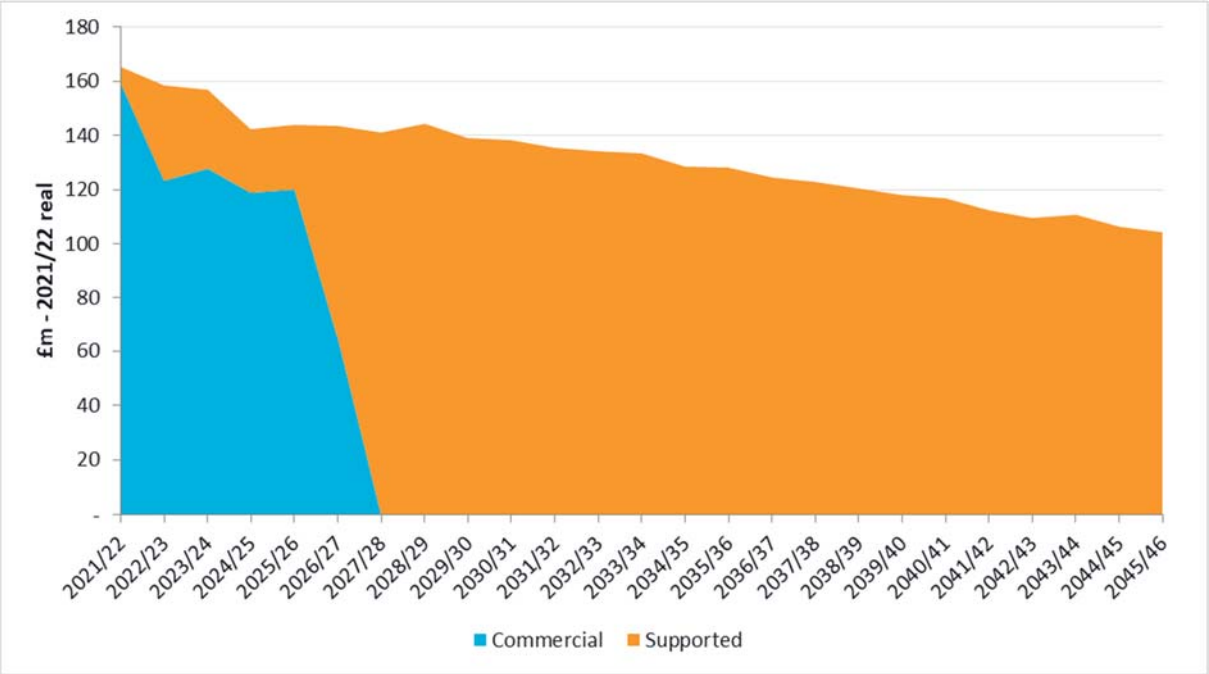
Source: Economic Case forecasting models

Figure 13: EP+ Operating Cost Forecast (£m, 2021/22 prices)



Source: Economic Case forecasting models

Figure 14: Franchising Operating Cost Forecast (£m, 2021/22 prices)



Source: Economic Case forecasting models

6.4.2 The pattern seen for demand and revenue is also observed in the operating cost forecasts, which decline over time as the network reduces in line with revenue.

6.4.3 Overall, Franchising allows a greater proportion of bus services (and therefore operating cost) to be maintained in the network than EP+ and the Reference Case. A summary of bus operating cost in the West Yorkshire bus network in 2041/42 is presented in the table below.

Table 8: Summary of Bus Operating Costs in 2041/42 (2021/22 real prices)

Option	Total operating cost	Commercial operating cost	Supported operating cost
Reference Case	£103m	£8m	£95m
EP+	£111m	£9m	£102m
Franchising	£112m	£0m	£112m

Source: Economic Case forecasting models

6.5. Cost of Bus Reform to West Yorkshire Combined Authority

6.5.1 West Yorkshire Combined Authority presently tenders wholly supported services as a mixture of net cost contracts, under which operators retain revenue, and gross cost contracts for which the Combined Authority retains revenue. Under Franchising all applicable services would be tendered as gross cost contracts.

6.5.2 The graphs below present the cost of bus delivery across West Yorkshire from the perspective of the Combined Authority. These are presented firstly considering the total value of payments from the Combined Authority to operators under the different options (the 'gross impact on West Yorkshire Combined Authority') which comprise: contract payments for supported services[37] and ENCTS payments made to operators (for Reference Case/EP+ options); or contract payments for franchised services. Secondly the fares income on supported/franchised services is taken into account, offsetting the costs above (the 'net impact on West Yorkshire Combined Authority').

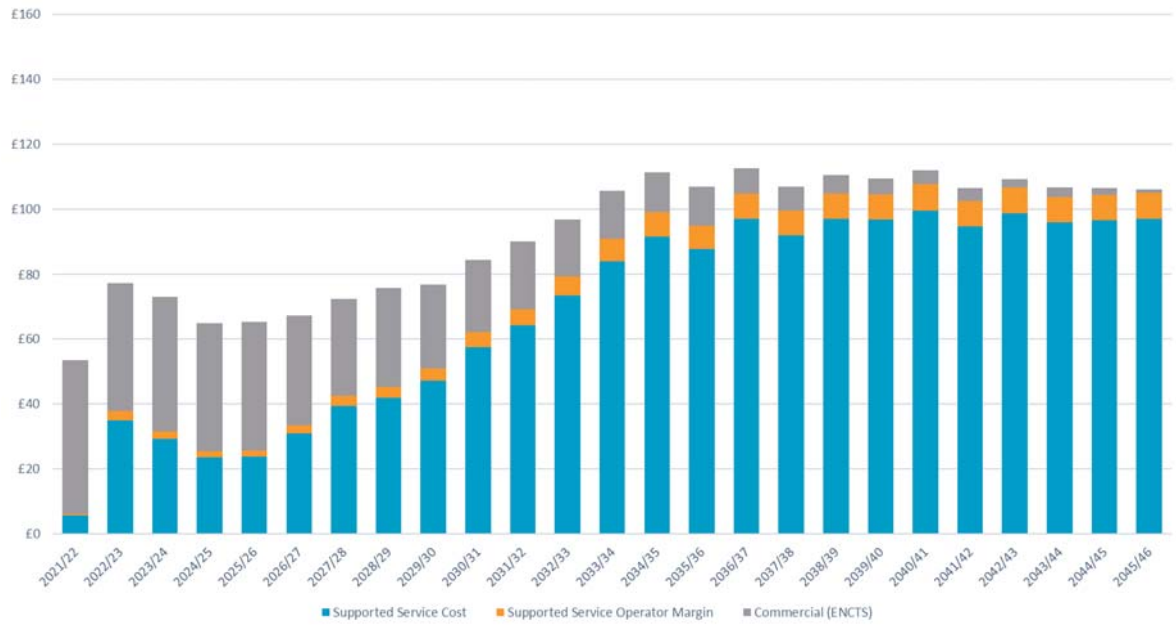
[37] Whether West Yorkshire Combined Authority procures the services under gross cost or net cost contracts is disregarded in this analysis for the purposes of clearer illustration of the differences between options.

Gross Impact on West Yorkshire Combined Authority

6.5.3 The increase in supported services under each option has a significant impact on the gross cost of bus services to West Yorkshire Combined Authority. Given that under Franchising all services are controlled by the Combined Authority from the scheme outset, the gross cost of Franchising is substantially higher than under the Reference Case and EP+. The proportion of services which the Combined Authority supports is forecast to increase considerably over time, such that by the end of the modelled period the difference between these options and the Franchise option is much reduced.

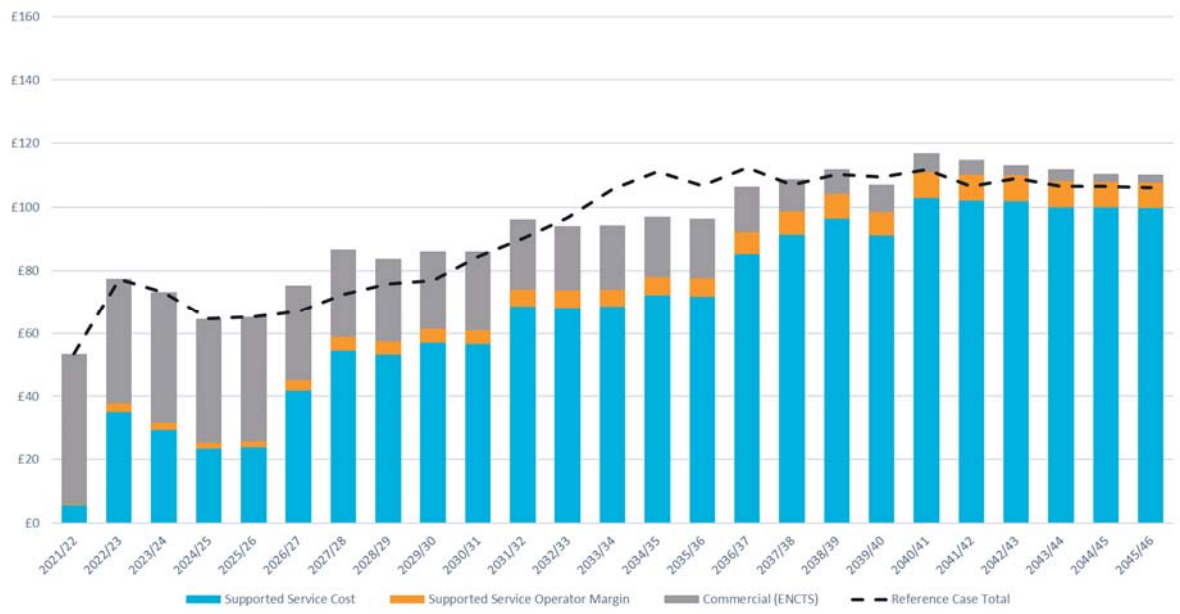
6.5.4 Figures 15 to 17 present the components of the gross impact on West Yorkshire Combined Authority for the Reference Case, EP+ and Franchising respectively, that is the: direct cost of operating contracted services, the operator margin for delivering those services, and (for RC/EP+ only) the ENCTS payments made for commercial services. The dotted lines on Figures 16 and 17 showing the total from the previous figure(s) for reference. Figure 18 shows a comparison of the total impact of the three options.

Figure 15: Gross Impact on West Yorkshire Combined Authority, Reference Case (£m, 2021/22 prices)



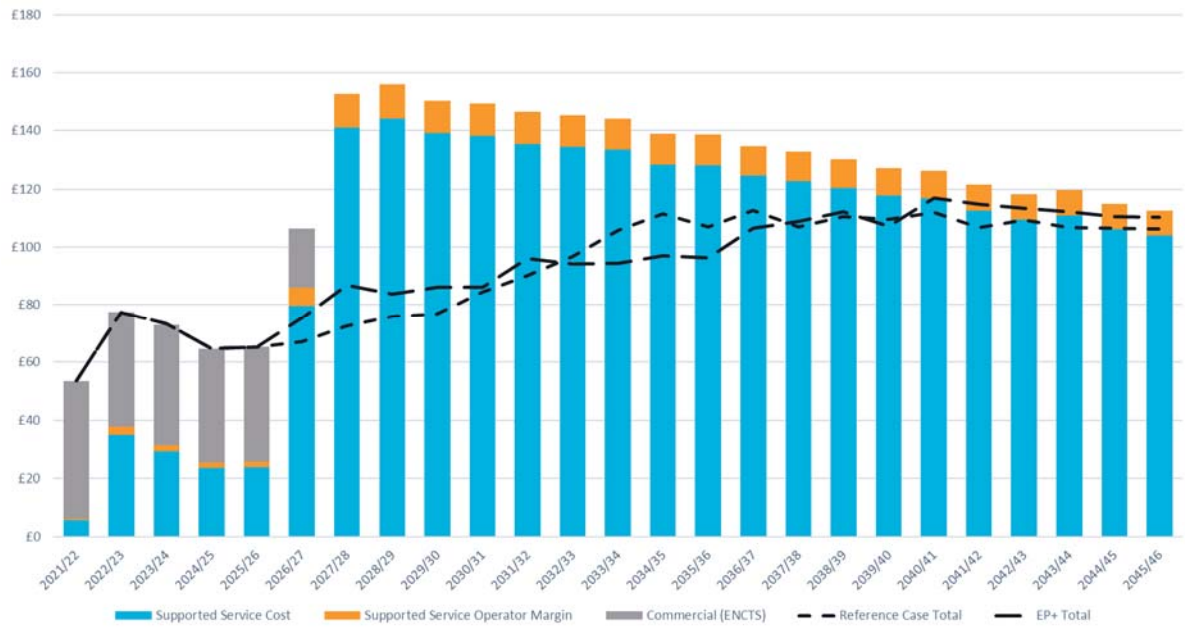
Source: Economic Case forecasting models

Figure 16: Gross Impact on West Yorkshire Combined Authority, EP+ (£m, 2021/22 prices)



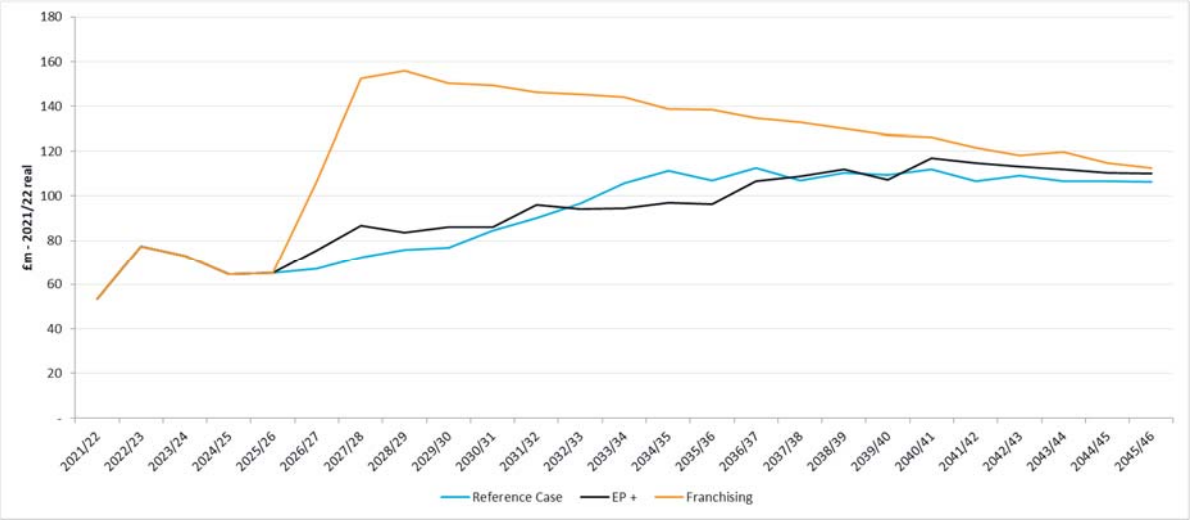
Source: Economic Case forecasting models

Figure 17: Gross Impact on West Yorkshire Combined Authority, Franchising (£m, 2021/22 prices)



Source: Economic Case forecasting models

Figure 18: Gross Impact on West Yorkshire Combined Authority of Bus Reform Options (£m, 2021/22 prices)



Source: Economic Case forecasting models

Net Impact on West Yorkshire Combined Authority

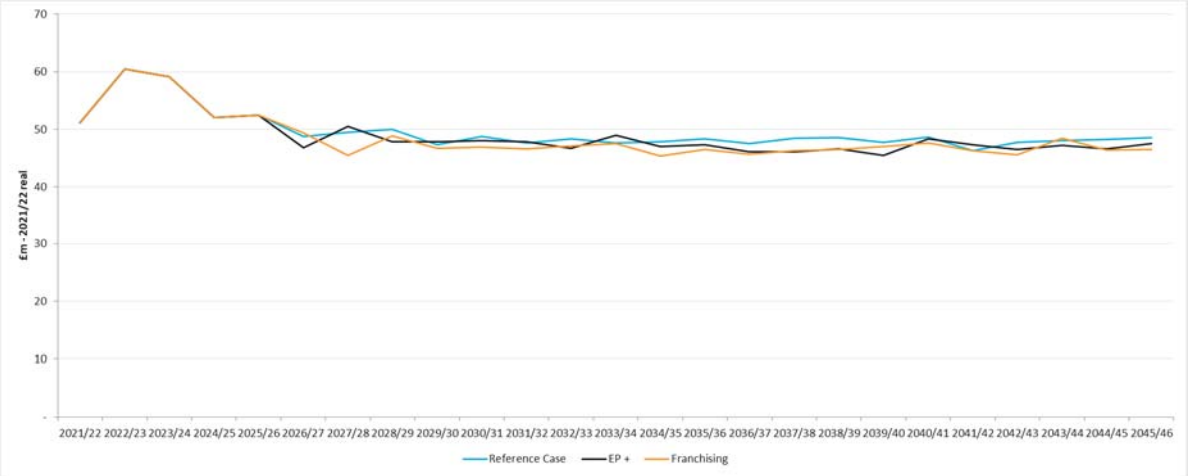
6.5.5 Offsetting the gross impact on West Yorkshire Combined Authority, is the fare revenue which is received on services which it supports. Under the Reference Case and EP+, none of the supported services can be expected to be particularly profitable, at least not profitable enough to be part of the commercial bus portfolio – as they would otherwise be operated commercially. However, a proportion of the cost will be recouped through the farebox revenue from these services.

6.5.6 Under Franchising, the proportion of the cost covered by the retained revenue will be higher as this will now also include profitable services which would otherwise be operated commercially under the Reference Case and EP+. This income is partially offset, as described in the Financial Case, by a larger ongoing management cost required to manage bus services and run bus procurements under Franchising. Figure 19 compares the forecast net impact on West Yorkshire Combined Authority of the three options. Figure 20 combines the gross and net impacts on the Combined Authority.

6.5.7 When the costs, net of revenue, are considered, Franchising incurs the lowest overall cost to the Combined Authority, followed by EP+ and then the Reference Case, with Franchising delivering the largest number of

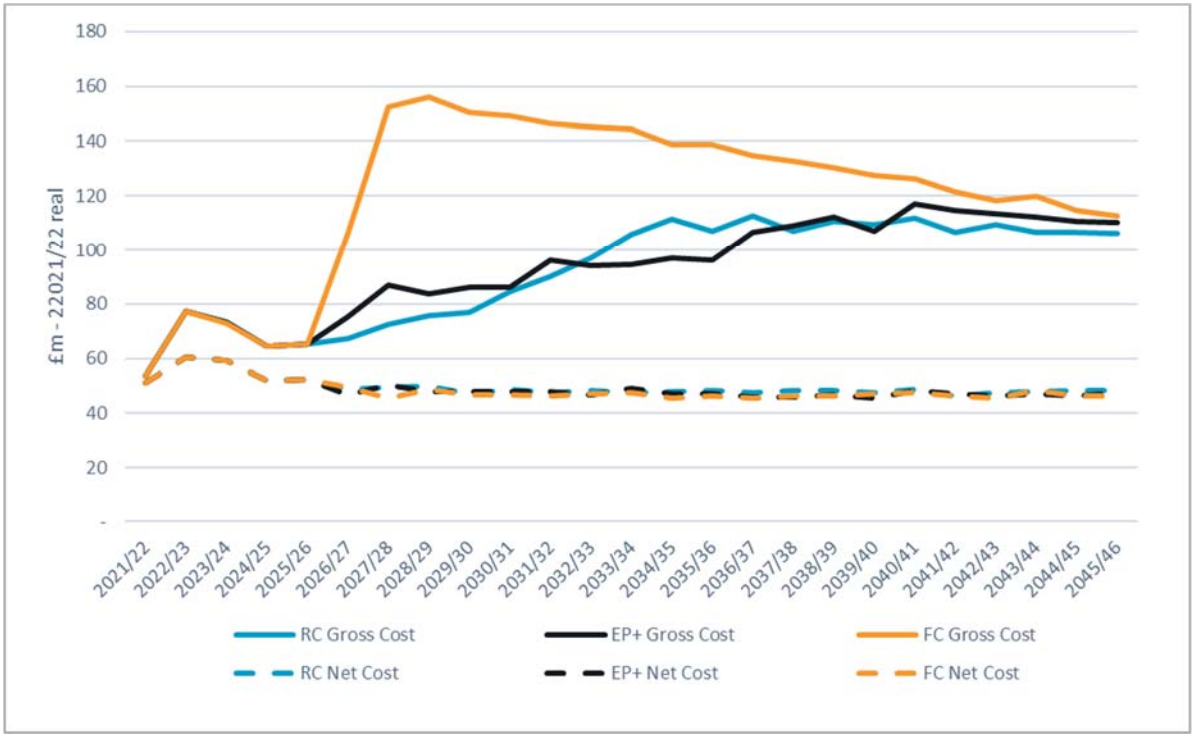
passenger journeys. The increase in retained revenue under Franchising means the Combined Authority has to manage a greater revenue risk. The financial implications of revenue risk are discussed further in the Financial Case.

Figure 19: Net Impact on West Yorkshire Combined Authority of Bus Reform Options (£m, 2021/22 prices)



Source: Economic Case forecasting models

Figure 20: Gross and Net Impact on West Yorkshire Combined Authority of Bus Reform Options (£m, 2021/22 prices)



Source: Economic Case forecasting models

6.6. Comparison of Forecasts across Scenarios

6.6.1 The tables below summarise the forecasts of demand, revenue and operating for each Reform option under each of the scenarios under consideration.

6.6.2 The results show that in all cases, Franchising outperforms the EP+ and Reference Case options, with bus services carrying more demand and generating more revenue for all combinations of bus patronage and West Yorkshire Combined Authority funding.

6.6.3 Whilst there exists uncertainty around the long-term impacts on demand and funding, these results show that across scenarios Franchising performs better than the alternatives. For Franchising, demand ranges in 2041/42 between 47m and 85m passengers (compared to a range of 45m to 83m for EP+) and revenue in 2041/42 between £79m and £134m (compared to a range of £77m to £131m for EP+).

Table 9: Summary of Bus Demand in 2041/42 across Scenarios (journeys)

Option	No additional Covid-19 demand recovery			80% of pre-Covid-19 demand trajectory			90% of pre-Covid-19 demand trajectory		
	Base funding	Upside funding	Downside funding	Base funding	Upside funding	Downside funding	Base funding	Upside funding	Downside funding
Reference Case	46m	50m	41m	57m	60m	53m	70m	72m	64m
EP+	50m	55m	45m	64m	69m	59m	79m	83m	72m
Franchising	51m	56m	47m	66m	71m	61m	81m	85m	74m

Source: Economic Case forecasting models

Table 10: Summary of Bus Revenue in 2041/42 across Scenarios (2021/22 real prices)

Option	No additional Covid-19 demand recovery			80% of pre-Covid-19 demand trajectory			90% of pre-Covid-19 demand trajectory		
	Base funding	Upside funding	Downside funding	Base funding	Upside funding	Downside funding	Base funding	Upside funding	Downside funding
Reference Case	£80m	£87m	£72m	£94m	£101m	£88m	£111m	£117m	£102m
EP+	£86m	£94m	£77m	£104m	£112m	£96m	£124m	£131m	£113m
Franchising	£87m	£95m	£79m	£107m	£115m	£99m	£127m	£134m	£116m

Source: Economic Case forecasting models

Table 11: Summary of Bus Operating Costs in 2041/42 across Scenarios (2021/22 real prices)

Option	No additional Covid-19 demand recovery			80% of pre-Covid-19 demand trajectory			90% of pre-Covid-19 demand trajectory		
	Base funding	Upside funding	Downside funding	Base funding	Upside funding	Downside funding	Base funding	Upside funding	Downside funding
Reference Case	£94m	£105m	£81m	£103m	£116m	£93m	£117m	£128m	£103m
EP+	£97m	£110m	£83m	£111m	£123m	£98m	£126m	£137m	£110m
Franchising	£97m	£109m	£85m	£112m	£125m	£101m	£128m	£140m	£113m

Source: Economic Case forecasting models

7. Approach to Appraisal of Impacts

7.1. Introduction

7.1.1 This section sets out the approach taken to appraising the impacts of Bus Reform. It outlines the methods and key assumptions that have been used for calculating and monetising:

- User Benefits
- Marginal External Impacts
- Wider Economic Impacts

7.1.2 The net benefit of EP+ and Franchising options relative to the Reference Case is presented throughout the following sections. This includes monetised benefits and a discussion of relevant non-monetised benefits in each instance. Guidance from TAG and the Green Book indicates that the appraisal constituting the Value for Money assessment is comprised of monetised benefits, non-monetised benefits and consideration of uncertainty in the assessment, therefore all these aspects are reflected when appraising the net impact of EP+ and Franchising over the Reference Case. This section also assesses the performance of each of the Bus Reform options against the objectives set out in the Strategic Case.

7.1.3 The following sections are structured to describe the impacts: on the economy (Section 8); on the environment (Section 9), on society (Section 10), including an estimation of the monetised societal benefits of increased bus usage, and on the public accounts (Section 11), reflecting the structure of DfT's standard Appraisal Summary Table[38].

7.1.4 As part of the appraisal process it also considers the Distributional Impacts of Reform and how the benefits will be distributed across different demographics and the different social groups defined as being relevant for each impact by DfT guidance[39], within West Yorkshire.

[38] TAG; appraisal tables for presenting a business case, Department for Transport
[39] TAG Unit A4.2 Distributional Impact Appraisal

7.2. Establishing the Appraisal Period

7.2.1 In appraising EP+ and Franchising options it is necessary to consider the period over which costs and benefits of intervention will be recorded. This does not mean that the appraisal period should capture every cost and benefit of Reform, as these will continue far into the future. Rather it should capture the lifecycle of any proposed investment. The typical period used for appraisal of transport schemes is 60 years, used to reflect the period over which infrastructure investment still has residual use without needing complete renewal.

7.2.2 For Bus Reform there is no such proportionately significant infrastructure investment central to the 'Do Something' options driving the appraisal period, with the options instead focussing on changes to the regulatory system under which bus services are operated. The main driver of investment costs from West Yorkshire Combined Authority and wider public purse is the bus fleet. A monetised appraisal period of 40 years has been used, from financial year 2027/28. This period aligns with the lifecycle of zero emission buses that will be introduced into the fleet under all options. To facilitate the introduction of zero emission buses there will be further spend in charging facilitates and other associated infrastructure driven by the fleet investment.

7.2.3 The lifecycle of a zero-emission bus is between 15 and 20 years with a renewal period for batteries, drive and, for hydrogen vehicles only, fuel cell replenishment, of half the lifecycle duration. For all options, the last diesel buses are forecast to be replaced around 2041[40] based on present funding expectations, and their ZEB replacements will come to the end of their natural service life around 2056. Therefore, a 40 year appraisal period has been considered reasonable as it would enable to fully realise the benefits of the intervention, including the environmental associated to the deployment of zero emission buses. The modelling and appraisal of each option assumes full replacement of the existing fleet with ZEB and includes the costs of doing so. A 15-year life span for ZEBs has been assumed in the

[40] West Yorkshire's BSIP included a commitment to replace all diesel buses by 2036. Funding to deliver this commitment had not yet been secured at the time of this Assessment, and therefore a timescale in line with diesel bus useful service lives has been adopted. This does not signify an intention to depart from the BSIP ambition.

appraisal. Additionally, the cost of a ZEB is also assumed to remain constant, in real terms, for fleet replacement.

7.2.4 The 40 year appraisal period, and approach taken to the representation of ongoing fleet replacement, ensures that there could be no substantive change in outcome in the years immediately following the end of the appraisal. In extrapolating demand, revenue and costs forward beyond the forecasting horizon, care has been taken to ensure that the monetised appraisal is not unduly influenced by any individual year close before or after that horizon.

7.3. Economic Appraisal Treatment of Revenue and Costs

7.3.1 Revenue and costs have been forecast for a 20-year period from financial year 2021/22. For the economic appraisal, a 40-year appraisal period from 2027/28 financial year is assumed. For appraisal years after the last forecast year no further growth is assumed, with values remaining at the average of the last five forecast years in GDP Deflator real terms after this year. This assumption is made as reliable forecasting data and assumptions are not available for a longer period.

7.3.2 For the purposes of the economic appraisal, revenues and costs have been also adjusted in line with HM Treasury's Green Book and TAG.

7.3.3 The adjustments made are:

- **Conversion of costs to 2010 GDP Deflator real.** This has been done using RPI and GDP deflator indices from the January 2023 version of DfT's TAG databook[41]
- **Conversion to market prices.** This adjustment is made to bring the costs in line with the transport user 'perceived cost' created by the effects of taxation. An uplift of 19% is applied to the costs, as per DfT's TAG requirements[42]

[41] TAG databook annual parameters sheet
[42] Chapter 5 of TAG Unit A1.2: Scheme Costs

- **Optimism Bias (OB)**. An OB of 44% has been applied to the vehicle and depot costs, as per DfT's TAG[43]. OB is an economic construct, which, as a part of the economic appraisal of each option, is applied to costs to account for the observed tendency for underestimation of project costs
- **Discounting to 2010 present values**. In line with Green Book[44] and TAG, costs have been discounted at 3.5% per annum for 25 years from now and 3.0% for the remaining 15 years of the appraisal period to 2066.

7.4. Monetised Appraisal

7.4.1 The appraisal has been conducted in line with the latest TAG[45] published and associated TAG databook[46] parameters provided by DfT. All values are shown as 2010 present values and 2010 Market GDP Deflator Real prices.

Estimating Benefits per Trip

7.4.2 DfT's prescribed approach to deriving bus user benefits is to assess the change in the 'generalised cost' (GC) of travel between the Reference Case and Do Something options (that is with either Bus Reform intervention). This includes a time component (generalised time, GT) and the monetary cost of travel to the passenger. The time component is a composite measure of people's journeys that considers each leg of a trip – walking to a stop, wait time, in-vehicle journey time, walk from a stop, and interchange (if applicable) weighted relative to in-vehicle time to account for difference in passenger perceptions[47]. The monetary cost of travel can be converted into time units by the application of a Value of Time[48].

7.4.3 Transport demand is responsive to changes in travel costs. This change is typically forecast using observed elasticities to forecast the demand impact based on users' responsiveness to changes in fares or to the components of journey times. The same elasticities can be used to estimate the average GC change experienced based on predicted change in demand.

[43] Chapter 3 of TAG Unit A1.2: Scheme Costs
[44] Annex 6 of The Green Book
[45] The latest TAG at the time of analysis is the version updated in November 2022
[46] The latest TAG databook at the time of analysis is the January 2023 version
[47] Weightings as per Chapter 6 of TAG Unit A1.3 User and Provider Impacts
[48] Sourced from table A1.3.2 of the January 2023 TAG databook

7.4.4 The bus revenue/cost forecasting framework approach was chosen as it works dynamically at an individual bus service level, representing the affordability and commercial difficulties affecting bus operators and local authorities. The framework offers spatial detail and capability in comparison with an aggregate approach. An origin-destination 'zonal' approach would be constrained by the lack of passenger, service and temporal detail in the model.

7.4.5 For the Reference Case, EP+ and Franchising options and as set out in Sub-section 6.2, demand has been forecast based on the elastic response of bus users to changes in service levels and fares as described in sub-section 4.2 of this Economic Case. The consolidated demand change between Reference Case and the two Reform options has been used to estimate the average passenger benefit, that is the benefit which would result in the overall forecast change in demand.

7.4.6 The assumptions for this calculation are set out below:

- A Reference Case GT for each bus trip has been based on an average in-vehicle time of 20 minutes and an average walk minutes and wait time of 5 minutes to and from the bus stop at either end of the journey (these assumptions are based on the size of the West Yorkshire bus network and the length of a typical journey, as well as the service frequency, but it should be noted that they will vary across services and areas within West Yorkshire). The 'walk' and 'wait' elements have been weighted by a factor of two as specified by TAG, which reflect passengers' perceived preference for time spent on-board compared to walking to or waiting at stops[49].
- The initial network enhancements (including frequency increases and service rationalisation and coordination) are set out in Sub-section 2.3. Infrastructure interventions, for example bus priority measures, could be delivered under any option and have not been modelled. However, Franchising gives the local authorities a greater incentive to invest in bus priority as the public sector is the beneficiary of the revenue

[49] TAG UNIT M3.2 Public Transport Assignment – Page 10

increases and operating cost reductions which can result. Therefore, it can be concluded that, if affordable, more interventions would be delivered under Franchising than EP+ or the Reference Case.

- For fare paying passengers an additional cost element has been added to the GT to reflect the perceived cost of the fare. This has been calculated as 11 additional minutes on average and is added to the Reference Case GT. This value has been calculated using an average yield per journey based on data provided by operators and converted to minutes using a journey-purposed weighted average Value of Time[50]. For concessionary demand there is no cost component as travel is free for these passengers.
- The percentage changes in bus demand between the Reference Case and EP+ or Franchising are based on the demand forecasts set out in earlier sections.
- A key assumption in transport economics and demand forecasting is that, as journey times decrease and passengers save time, the number of trips made will increase. For this assessment an elasticity approach has been used to estimate the level of journey time, or bus user, benefits which would give rise to the change in demand described above. An elasticity of passenger demand to GT of -1.1 has been used, based on the values from a 2018 Rand Europe study on behalf of the UK Department for Transport[51]. This is the most current parameter referenced in DfT guidance.

7.4.7 The table below presents an example of how the GT benefit of network enhancements is calculated for an individual service as part of the appraisal.

[50] Calculated using bus journey purpose data from Table A1.3.16 of the January 2023 TAG Databook and Values of Time from Table A1.3.2 of the January 2023 TAG Databook.
[51] Bus fare and journey time elasticities - RAND Europe and SYSTRA prepared for UK Department of Transport (2018)

Table 12: Worked example of GT benefit calculation

Generalised time (GT) (a)	61 minutes
GT elasticity (b)	-1.1
Total Reference Case demand (c)	59 million
Incremental service demand (d)	0.74 million
Change in demand (e = d/c)	1.3%
Implied GT change (f = ((1+e)^(1/b)-1)*a	-0.7 minutes
Time saved per passenger (hours) (g =-f/60)	0.01 hours
Value of Time (£ per hour) (h)	£10 per hour[52]
Benefit per passenger (i = h*g)	£0.11
Existing user benefit (j = i*c)	£6.8m
New user benefit (k = (d*i)/2)	£0.04m

Source: Economic Case appraisal

7.4.8 The passenger benefits per journey for EP+ and Franchising (compared to the Reference Case) options are presented in the table below.

[52] The Value of Time in this example is a simplification of the process used in the economic appraisal, where specific values are used for each journey purpose as per the values given in TAG. The user benefits have been shown without discounting applied here, whereas in the appraisal they are discounted to 2010 values.

Table 13: Passenger Benefit per Journey (minutes)

		2026	2027	2028	2029	2030	2031	2032	2033	2034
EP+	Concessions	(0.05)	0.19	(0.15)	0.31	0.33	0.39	0.32	0.64	0.52
	Non-concessions	0.05	0.33	0.01	0.46	0.50	0.57	0.52	0.83	0.77
Franchising	Concessions	0.18	0.32	0.33	0.51	0.53	0.57	0.66	0.80	0.70
	Non-concessions	0.24	0.52	0.55	0.73	0.76	0.71	0.94	1.05	0.99

Source: Economic Case forecasting models

7.4.9 Benefits per journey are estimated based on the change in GT minutes that would lead to the demand forecasts set out in Section 6, using the elasticities described above. For existing journeys, passengers receive the full time benefit. The interventions will also generate additional bus journeys that would not have occurred in the Reference Case. Based on the TAG 'rule of a half', for new journeys passengers receive half the value of the equivalent time benefit[53].

7.4.10 The benefit per passenger is higher for Franchising than EP+ because more services are able to be provided for the same West Yorkshire Combined Authority budget, and because there are additional interventions across the Network, Fares and Ticketing under Franchising which generate additional passengers and therefore benefits.

7.4.11 Total time benefits have been monetised within the appraisal using passenger values of time. The values of time vary based on whether a journey is for business, commuting or other purposes. To calculate the total user benefits, the forecast demand is segmented into these groups. The values of time and journey purpose splits for bus users are taken from the TAG databook[54]. The journey purpose split for concessionary and non-concessionary travel is presented in the table below. This split is assumed to remain constant for the duration of the appraisal period.

Table 14: Journey Purpose Demand Split

	Concession	Non-concession
Business	0.7%	1.7%
Commuting	4.7%	46.5%
Other	94.6%	51.8%

Source: January 2023 TAG Databook

[53] TAG UNIT A1.3 User and Provider Impacts - Page 2
[54] January 20234 TAG databook annual parameters and table A1.3.16

Marginal External Impacts

7.4.12 Transport use is associated with social, environmental and fiscal impacts. These impacts affect wider society including users of other modes and other "non-transport" users. These externality impacts are broadly created by vehicle movements and include:

(a) **Congestion** – any vehicles using public highways will generate congestion affecting journey times of other road users

(b) **Greenhouse Gas Emissions** – many forms of transport are associated with greenhouse gas emissions such as CO_2 which contribute to climate change

(c) **Local Air Quality Impacts** – most forms of transport generate emissions such as particulates and oxides of nitrogen (NO_x). These create adverse health conditions in people exposed to them particularly when created in high concentration

(d) **Accidents** – in any form of transport there is an inherent risk of accidents occurring. The costs of any accidents include those associated with injury, death, pain and suffering or property damage. Increasing the number of vehicle km on the road will increase the numbers of accidents, incurring a social cost

(e) **Noise** – transport generates noise which can impact on the health and wellbeing of those exposed to it

(f) **Infrastructure Costs** – vehicles generate wear and tear on the infrastructure they use meaning it has to be maintained, repaired and replaced at a cost to the infrastructure provider. Increased vehicle movements will increase the rate of wear and tear and increase these costs

(g) **Indirect Tax** – the use of some vehicles generates tax income for HM Treasury through fuel duty. Any change in the amount these vehicles are used will affect the quantum of tax generated

7.4.13 Unit A5.4 from TAG (May 2023) sets out the MEC of these externalities and how the change in these costs can be estimated as a result of transport

intervention[55]. In line with this guidance the change in the MEC of travel in West Yorkshire, as a result of Bus Reform, has been measured. The proposed interventions in bus services impact the MEC of travel as a result of reductions in private car usage, introduction of zero emission buses and increases in bus services.

Benefits of Reduced Car Use

7.4.14 The proposed interventions under EP+ and Franchising will increase bus usage in West Yorkshire. A proportion of this increase in bus usage will be as a result of modal shift away from private cars, reducing the MEC of travel in West Yorkshire. For all MEC except for indirect tax this will generate a benefit to society. There is a disbenefit from a reduction in indirect tax that occurs from the reduction in fuel duty paid on car use.

7.4.15 Using an approach consistent with TAG a per trip MEC is calculated based on an average length of a car journey in Yorkshire and the Humber of 12.4 km[56]. This unit cost is applied to all new bus journeys which would otherwise have been taken by car, assumed to be 30% of the increase in bus demand based on the TAG bus diversion factors for Metropolitan areas with no light rail system offering an alternative to bus[57].

Benefits of Zero Emission Bus Services

7.4.16 The greenhouse gas and air quality externalities vary depending on how a vehicle is powered. Replacement of existing diesel engine bus vehicles with zero emission buses will reduce the greenhouse gas and air quality impacts of bus.

7.4.17 Under Franchising, EP+ and the Reference Case, the whole West Yorkshire bus fleet is assumed to fully transition to using zero emission buses by 2041. It is assumed that battery electric and hydrogen buses reduce greenhouse gases and improve air quality, however given that it is not

[55]Guidance on Marginal External Costs is provided in TAG UNIT A5.4 - Marginal External Costs and the parameters used to quantify the impacts have been sourced from the MECs sheet in the January 2023 TAG databook.
[56] National Travel Survey table NTS9910 2021 data
[57] TAG Databook Table A5.4.6. 7.2.16 Whilst there are ongoing proposals for a light rail system in West Yorkshire, the diversion factor to/from car for Metropolitan areas with a light rail system is 25% (only five percentage points different to the 30% used in the modelling). This will make a limited difference to the overall case for both Reform options and as such the assumed diversion factor is considered appropriate.

assumed that either EP+ or Franchising accelerate the introduction of zero emission buses, there is not an environmental net benefit for either option.

Impacts of Additional Bus Services

7.4.18 As with cars, buses also generate MEC, although typically smaller values per passenger journey. Under both EP+ and Franchising more bus services operate than under the Reference Case. This will generate a disbenefit in terms of externalities.

7.4.19 TAG provides PSV MEC rates for congestion, air quality, greenhouse gas, and indirect taxation impacts. PSV MEC for road infrastructure maintenance costs, accidents, and noise are assumed to be zero, and for the purposes of the appraisal ZEB local air quality, greenhouse gas, and indirect taxation MEC have also been assumed to be zero.

7.4.20 The PSV MEC have been calculated using the unit rates per PSV km from TAG and applying an uplift on the number of service kilometres operated as a result of the interventions.

Revenue Impacts

Impacts on Bus Services

7.4.21 Franchising and EP+, to a lesser degree, allow a greater number of bus services to be operated than the Reference Case across the different scenarios considered. This, in turn, leads to a greater number of fare-paying passengers in the network which therefore increases the revenue generated by bus services. This revenue increase is partially offset by operating cost increases (driven by operating more services than in the Reference Case) for both options.

7.4.22 Equally, the interventions under Franchising and EP+ lead to a more patronised network, allowing more services to be secured on the same level of support resulting in higher levels of revenue generated by bus services.

Impacts on other Public Transport Modes

7.4.23 In West Yorkshire there are places and journeys where buses compete with rail. Some of the passenger increases as a result of the Reform options will be as a result of mode shift away from rail, noting that West Yorkshire Combined Authority's Transport Strategy seeks greater integration between

rail and bus (as well as with Mass Transit in the future) which could lead to more multimodal trips using rail and bus, although this has not been represented in this Assessment. The drop in demand for these services will have a revenue impact from reduced ticket sales, affecting central government's transport budget.

7.4.24 The impact on rail revenue has been calculated based on:

- A yield per rail journey of £1.80 (2023 prices) has been assumed a reasonable estimate of the average yield of rail journeys that could be abstracted to bus. This value is assumed to remain constant in GDP Deflator real terms (noting that any real increases in rail fares may lead to additional demand transferring to bus services, if bus fares do not increase in real terms)
- Using TAG bus diversion factors[57] an assumed 14% of the induced bus demand from interventions coming from journeys that would have otherwise been taken by rail

Impacts on Exchequer

7.4.25 The main impact on the Exchequer is on the collection of indirect tax due to shifts between transport modes. Fewer car journeys and fewer rail journeys affect tax income. The former from reduced fuel consumption and the tax income from the duty paid on it and the latter from the indirect taxation impact on fares. In addition to these impacts, an increase in bus patronage will also reduce indirect tax this, as it is assumed in guidance that money spent on untaxed public transport travel would have been spent elsewhere in the economy where this is indirect tax.

Social Benefits of Bus Services

7.4.26 Bus services have a social function through providing increased access to education and employment opportunities as well as access to activities that reduce social exclusion. In enhancing bus service provisions, more people are enabled to take journeys that give them access to these activities and opportunities, generating social benefits.

7.4.27 For EP+ and Franchising the value of the social impact of enhanced bus services have been calculated by:

- Estimating the number of return (non-business) trips that only occur because of the enhanced services based on the demand uplift in each option and applying the TAG bus diversion factor of 15%[58]
- Applying the social benefit value from TAG for return trips, which is £3.84 for concession pass holders and £8.17 for non-concession pass holders, in 2010 prices[59]
- Applying Value of Time growth to the social benefit values to estimate the benefits over the appraisal period

7.4.28 These benefits are not in addition to the user benefits, as indicated in the relevant research published by the DfT[60] and in the TAG databook[61] (A1.3.18) on the value of the social impact per return bus trip but provide context as to how transport intervention delivers social benefit by monetising the proportion of benefits relating to trips that would have otherwise not taken place.

7.5. Non-monetised Impacts

7.5.1 Guidance from the Green Book and TAG indicates that the Value for Money Assessment needs to take into account the monetised impacts, the non-monetised impacts where these are material, and any uncertainty in the assessment, which is considered in this Assessment through scenario and sensitivity testing.

7.5.2 In the case of this Assessment, whilst a proportion of the impacts of the intervention have been monetised as described in this and previous sections, some of the aspects which are part of the assessment of options against the scheme objectives have not been monetised.

[58] Table A5.4.6 from the January 2023 TAG databook indicates the proportion of new bus trips that corresponds to passengers that previously did not travel)
[59] Table A1.3.18 of the January 2023 TAG databook
[60] Monetising the social impact of bus travel, Mott MacDonald and Department for Transport
[61] Table A1.3.18 of the January 2023 TAG databook

7.5.3 These non-monetised aspects have been assessed using DfT's TAG[62] seven-point scale: Large Beneficial; (Moderate) Beneficial; Slight Beneficial; Neutral; Slight Adverse; (Moderate) Adverse; Large Adverse. These, together with the monetised impacts as well as the uncertainty in deriving these, have been used to determine Value for Money categorisations for each of the options under consideration.

7.6. Distributional Impacts

7.6.1 Distributional Impact (DI) assessments consider the social groups defined in TAG as being affected by the different impacts of a proposed scheme. Part of this assessment is comparing the proportion of the population impacted by the proposal who fall into these social grouping categories with the proportions for the local authority area and the UK population more broadly.

7.6.2 The first step to assess this, as recommended by TAG unit A4.2, is to identify the likely broad areas of the impact of the transport intervention, assessing whether the intervention might have negative or positive impacts on specific social groups. Across the metrics presented in TAG, the following were considered that required further consideration, as part of the second step recommended by TAG, the assessment of its impacts on different social groups:

- User benefits
- Accessibility
- Air Quality
- Affordability

7.6.3 Other relevant metrics, noise, accidents, security or severance, are considered to not be materially impacted by any of the Bus Reform options under consideration or their impacts not disproportionately affecting any particular social group, hence they have not been further assessed as part of the DI analysis.

User Benefits

7.6.4 User benefits are relatively evenly distributed across the different Franchising zones areas encompassing West Yorkshire.

[62] Appendix A of Transport Analysis Guidance, The Transport Appraisal Process

Accessibility

7.6.5 In the context of the options appraised where the bus network contracts over time, the main measure of accessibility is the number of services which operate under each of the Reform options considered.

7.6.6 As described earlier in this Economic Case, Franchising enables the operation of a greater number of bus services than EP+, which in turn supports the operation of more services than the Reference Case for all patronage and funding scenarios. These services carry more demand in Franchising than in EP+ and the Reference Case.

7.6.7 This means that a greater level of accessibility is provided by both Franchising and EP+ than the Reference Case, providing opportunities to more disadvantaged social groups, such as younger or older people or populations with disabilities or from a minority group to access employment, recreation, and leisure opportunities across West Yorkshire.

Air Quality

7.6.8 West Yorkshire has some of the highest levels of air pollution in the UK outside London, accounting for one in every twenty deaths[63]. Poor air quality often affects the most underprivileged areas. To address this problem West Yorkshire has 34 Air Quality Management Areas (AQMA) located around the region alongside a Clean Air Zone (CAZ) covering central Bradford.

7.6.9 Poor air quality caused by high levels of air pollution can cause a negative impact on the health of a population, and in turn cause long term health issues and reduce life expectancy.

[63] West Yorkshire Low Emissions Strategy 2016 to 2021

Table 15: Life Expectancy in West Yorkshire

Metric	Leeds	Bradford	Kirklees	Wakefield	Calderdale	Yorkshire and Humber	England
Percentage of physically inactive adults	18.6%	29.2%	26.6%	23.2%	24.5%	24.2%	23.4%
Male life expectancy (years)	77.7	76.7	77.9	77.4	77.1	78	78.7
Female life expectancy (years)	82.2	81.2	81.2	81.4	81.9	82	82.8

Source: Office for Health Improvement and Disparities

7.6.10 Overall, the life expectancy in all five of the West Yorkshire districts is below the English average and also all below the Yorkshire and Humber average with the exception of females in the Leeds District. The Bradford District in which its entire city centre is situated within a Clean Air Zone (CAZ), has the lowest life expectancy of the all the districts, showing the importance of improving air quality in the region. There is a large disparity in percentage of the population who feel they are in good or very good health; part from Leeds all other districts are below the West Yorkshire average.

7.6.11 The uptake of zero emission buses in the Reference Case, EP+, and Franchising options will generate an improvement in air quality where the clean fleet is rolled out. The EP+ and Franchising options may allow for more targeted roll out of ZEB where air quality issues are at their highest, though this potential benefit has not been quantified in this Economic Case as there is not currently a specific plan for where in the region, and on what routes specifically, ZEB would be rolled out. The scale of any monetised impact would likely be low in relation to other elements of the appraisal and as such would not be expected to have a material impact on the case for either Reform option.

Affordability

7.6.12 Affordable bus services are key to ensuring that certain social groups can access opportunities that they would not have otherwise, for instance, as they do not have an alternative transport mode to use. These are particularly important for younger and older people that may use bus as their main transport alternative.

7.6.13 The Bradford District has the largest proportion of population which is 14 years and younger and the smallest proportion of people aged 60 and above. In comparison, around 25% of Wakefield and Calderdale populations are over 60s as well as having very low proportion of 15- to 24-year-olds. The age profiles of the districts in West Yorkshire are shown in the table below.

Table 16: Residential population in West Yorkshire by District

Population – Age Profile	Leeds	Bradford	Kirklees	Wakefield	Calderdale	West Yorkshire Average
14 years and younger	17.8%	21.4%	18.8%	17.5%	18.1%	18.8%
15 to 24	15.1%	13.0%	12.2%	10.1%	10.5%	12.9%
25 to 39	21.9%	20.3%	26.5%	26.8%	27.7%	20.5%
40 to 59	24.6%	24.9%	26.5%	26.8%	27.7%	25.6%
60 to 74	13.4%	13.8%	15.5%	16.5%	16.9%	14.6%
75 years and older	7.2%	6.7%	7.9%	8.4%	8.4%	7.5%

Source: TS007A – Age by five-year age bands, Office for National Statistics

7.6.14 In addition, an affordable and well-connected bus network is key to ensuring deprived social groups have access to opportunity and important services. The table below shows that in Bradford and Leeds districts almost one quarter of LSOAs are in the top 10% most deprived nationally. The Bradford District also has a high level of income deprivation with 28.1% of LSOAs in the top 10% deprived nationally.

Table 17: Indices of multiple deprivation in West Yorkshire by District (2019)

2019 Indices of Multiple Deprivation	Leeds	Bradford	Kirklees	Wakefield	Calderdale
Deprivation - Proportion of LSOAs in most deprived 10% nationally	23.7%	33.6%	12.0%	15.8%	15.6%
Income - Proportion of LSOAs in most deprived 10% nationally	18.1%	28.1%	10.4%	9.6%	15.6%

Source: English indices of deprivation 2019, Ministry of Housing, Department for Levelling Up, Housing and Communities

7.6.15 Both EP+ and Franchising options will help with affordability of the bus network for the most disadvantaged and vulnerable social groups in West Yorkshire. As discussed in Section 2 of this Economic case, the EP+ option includes fare capping and reductions in the price of multi-operator tickets, whilst the Franchising option gives West Yorkshire Combined Authority full control over fares and ticketing for franchised bus services. It is reasonable to assume that neither option would lead to negative affordability outcomes for low income groups in West Yorkshire, and it is likely that fares and ticketing interventions in both options would lead to positive affordability outcomes for low income groups.

Conclusions and Distributional Impacts

7.6.16 Both Franchising and EP+ would provide benefits across the districts that make up West Yorkshire with no particular geographical area or social group being disproportionately impacted, positively or negatively. However, given that Franchising could enable the operation of more services than EP+ (and the Reference Case) under a given funding envelope, the potential for Franchising to address some of the social challenges in relation to equity, affordability, air quality and accessibility is greater than in the case of EP+.

7.6.17 Franchising presents possible advantages over EP+ in terms of West Yorkshire Combined Authority being able to influence distributional outcomes in its specification of the bus network in aligning benefits with the areas of West Yorkshire which are most in need of them. No specific consideration was given in the modelling for the potential advantages of Franchising to influence distributional outcomes of the bus network to areas of West Yorkshire to where the benefits would be needed.

8. Impacts on the Economy

8.1. Introduction

8.1.1 The following section presents the appraisal of the benefits of Bus Reform, in the order set out in TAG. The appraisal first considers impacts on the economy, with the contribution buses make to growing and enhancing the economy of West Yorkshire being one of the key objectives of Reform.

8.1.2 The impacts on the economy include those benefits which affect economic output. This includes first-order productivity impacts from time savings or other transport user benefits, impacts on transport operators, and wider economic impacts associated with transport improvements.

8.1.3 Monetised benefits in this section correspond to the central scenario, where bus patronage recovers to 80% of previous levels and the funding available to West Yorkshire Combined Authority remains constant in real terms. Results for the other scenarios forecast are considered in summary at the end of this Economic Case. The results presented within this section, and subsequent sections, are calculated as net figures against the Reference Case allowing for comparison between EP+ and Franchising.

8.2. Business Bus User Benefits

8.2.1 Compared to the benefits to bus users who travel for commuting and other journey purposes, business users receive a small proportion of the benefit due to only contributing to 1% of bus demand[64]. The business bus user benefits equate to £12.2m and £18.9m for EP+ and Franchising respectively.

8.2.2 As discussed in Section 5 of this Economic Case, there are slight beneficial impacts from the proposed interventions to improve customer experience and better integration of bus with other public transport modes. Only Franchising will deliver an integration benefit and EP+ will only deliver part

[64] Table A1.3.16 of the January 2023 TAG Databook

of the customer experience benefit compared to Franchising. These benefits have not been specifically monetised as part of the economic appraisal.

8.3. Transport User Benefits (Other Modes)

8.3.1 As with the impacts on society, there are benefits to other road transport users through decongestion from modal shift to bus. However, the increased number of buses operating under EP+ and Franchising options also generate congestion, and the monetised disbenefit of this is greater than the benefit from modal shift. Compared to bus use for business journeys, non-bus users receive a higher proportion of the impacts due to a higher journey purpose share of 26.9%[65]. The total travel disbenefit accrued for non-bus business journeys is £5.5m and £4.1m for EP+ and Franchising respectively.

8.4. Private Sector Transport Provider Impacts

Aggregate Impact on Operators

8.4.1 The act of reform and of proposed interventions under EP+ and Franchising options will have an aggregate impact on operators in three main ways:

(a) The enhancements to bus services will increase the total cost of operating the network

(b) The enhancements to bus services will increase revenue generated

(c) The number of services operated on a 'supported service' basis, under contract to the Combined Authority, increases over time for Reference Case and EP+ options due to the reduction in commerciality of the network over time. This reduces the overall margin received by operators

8.4.2 The effects of EP+ and Franchising options on operators are summarised in the table below. Under Franchising, passenger revenue (and revenue risk) passes across to the Combined Authority, being replaced with contract payments which cover the costs of operating bus services and an operator margin. Therefore for Franchising passenger revenue is a negative value in the table below. Operating costs increase as more services are run than

[65] Table A1.3.16 of the January 2023 TAG Databook

under the Reference Case, offset by operating cost reductions due to fleet and depot costs transferring to the Combined Authority and a saving in depot capital investment for ZEB. The Franchising option also includes a cost saving for operators reflecting that they will no longer incur costs related to owning depots, including rent or lease costs. This is included in the operating costs line in the table below. The combined result being that operators are a little worse off from the balance between there being more services that a lower margin is earned on.

8.4.3 Under EP+ the change from the Reference Case is less marked; the combined result of more services being run overall, and slightly more services remaining commercial being that bus operators are somewhat better off.

8.4.4 The net effect over the 40-year appraisal period on operators of EP+ and Franchising compared to the Reference Case is shown below. The commercial costs and revenues under the Franchising Case are for those services that continue under commercial operation during the transition period.

Table 18: Summary of Aggregate Operator Impacts

2010 PV	**EP+**	**Franchising**
Passenger Revenue (a)	£59.5m	-£401.0m
Supported Service Contract Payments (b)	£19.3m	£454.4m
Operating Costs (c)	-£67.6m	-£65.7m
Depot Investment for ZEB (d)	-	£10.5m (saving)
Net Impact (a+b+c+d)	£11.1m	-£1.9m

Source: Economic Case appraisal

Individual Impact on Operators

8.4.5 The impacts on individual operators[66], particularly for the Franchising Option and in specific years, will differ from the aggregate impact presented above totalled over the appraisal period. In terms of those operators, Table 1 of the Commercial Case shows that First Group carried 69% of 2020/21 passenger (non-school) trips within West Yorkshire, Arriva 23%, Transdev 6%, with the remaining 2% being carried by 13 SMO[67]. First Group, Arriva and Transdev operate the majority of commercial service kilometrage, while SMO predominantly operate supported services.

8.4.6 Under the Reference Case and under non-Covid-19 affected conditions, First Group, Arriva and Transdev earn sustainable margins from commercial services, which are not unduly diluted by the lower-margin supported services that each runs. All three Operators have reasonable flexibility to manage their margins, largely through making: changes to fares; adjustments to their networks; or by cutting their least profitable services. None are likely to entirely exit the West Yorkshire bus market while they continue to run profitable services; while partial or full acquisitions or takeovers of these Operators are possible, services would continue under the new owner. Other routes to material market entry for commercial services are inhibited by the incumbent Operators.

8.4.7 SMO margins on the supported services they operate are typically lower than those earnt by larger operators. Market exit is a continuing possibility, for example CT Plus (which carried a little under 0.5% of passenger trips in 2021/22) stopped operations in August 2022. In such situations West Yorkshire Combined Authority has a track record in facilitating replacement services with limited or no impact on bus passengers.

8.4.8 Into the future, against a backdrop of declining bus passenger revenue and increasing costs, the commercial network is forecast to contract. Funding for supported services is constrained and therefore the overall bus network is likely to reduce. One outcome may be that First Group, Arriva and Transdev

[66] The Commercial Case of this Assessment sets out additional detail of existing WY operators in terms of market share and fleet size (Sub-section 3.3) and consideration of how financial standing and capability will be considered through procurement (Sub-section 5.9)

[67] Further details of West Yorkshire Combined Authority's consideration and assessment of SMOs can be found within Section 5 of the Commercial Case

seek to secure contracts for more supported services to offset reductions in commercial services; this could lead to further SMO exiting the market. The EP+ option offers limited or no change in the likelihood of this outcome. The level of investment required in the intended transition to ZEB may also disproportionately affect SMO.

8.4.9 Under the EP+ Option, change from the Reference Case is relatively limited. Over time the proportion of bus km which relate to supported services will still increase, with the Combined Authority remaining constrained in actions it can take to manage competition between large operators and SMO.

8.4.10 Under the proposed model for Franchising, bus services would be divided into ten zones, across eight lotting areas[68]. Within each zone, services will be split into: a large depot-based lot; and a range of smaller lots aimed at promoting competition within the market, including creating opportunities to attract new entrants, and for SMO to enter the market and/or grow. The zones will be sequenced across three rounds as follows:

- **Round 1:** Heavy Woollen; Kirklees; Leeds 3
- **Round 2:** Five Towns; Leeds 1, Wakefield
- **Round 3:** Bradford; Calderdale; Keighley; Leeds 2

8.4.11 In developing this sequence, a broad balance was sought between zones where services differ in terms of their overall commerciality, the ambition being to avoid either of: a need for additional Combined Authority subsidy during transition covering poorer commercially performing services; greater potential impact on bus operators during transition for better commercially performing services.

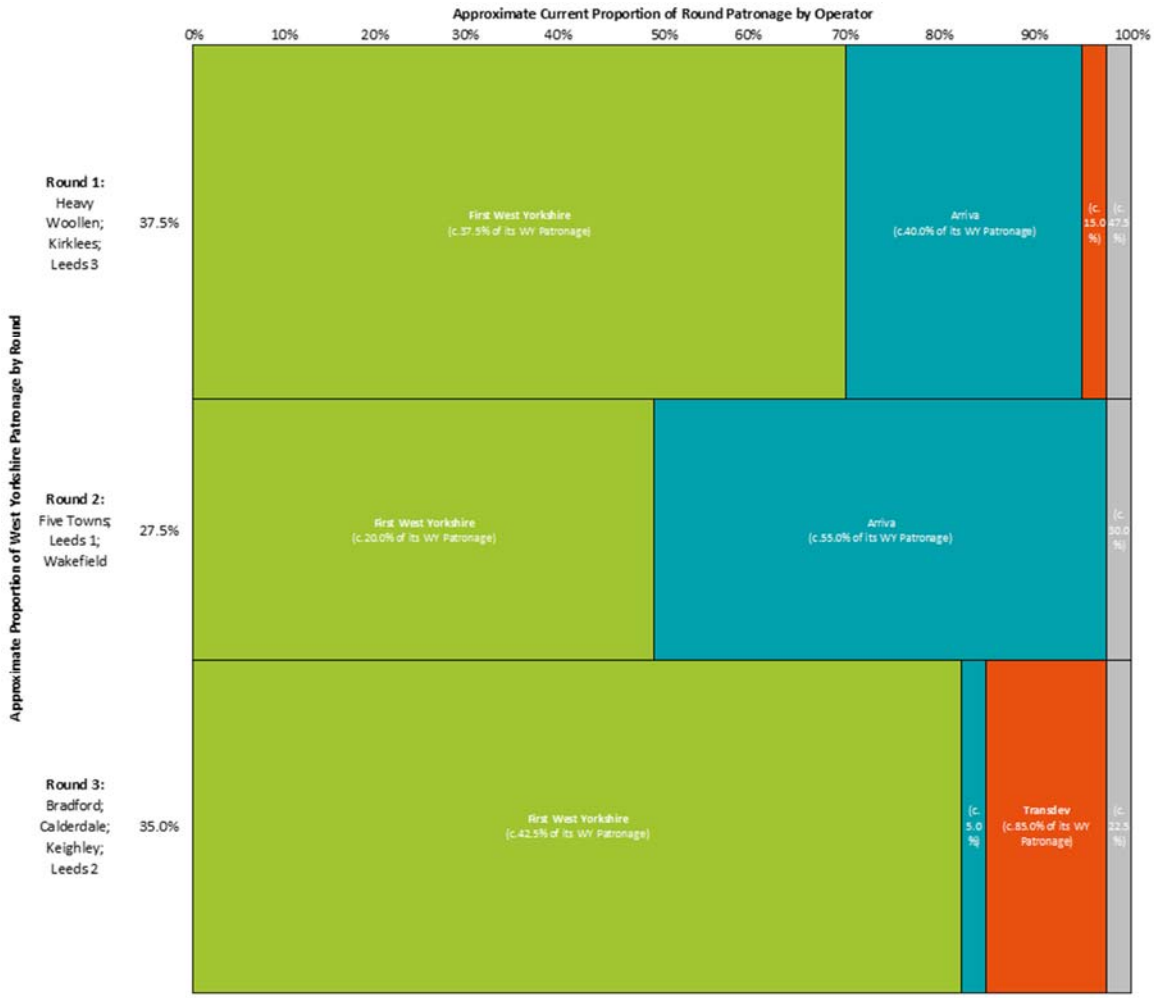
8.4.12 The current representation of passenger trips by Operator for each round is illustrated as Figure 21. The horizontal axis shows the proportion of trips carried by First Group, Arriva, Transdev and SMO (total). For example First Group carries around 70% of passengers in Round 1, Arriva around 25%, and Transdev/SMO around 2.5% each. The depth of the rows shows the proportion that each round makes up of the total overall bus demand, for

[68] The Leeds lotting area has been subdivided into three zones, see Commercial Case Section 5.2.2.

example Round 2 contains around 30% of West Yorkshire bus passenger trips.

8.4.13 Taken together, the area of the blocks therefore represents the proportion of West Yorkshire bus passengers carried by each Operator by round, and are labelled to show the proportion of each Operator's total overall passenger trips by Round.

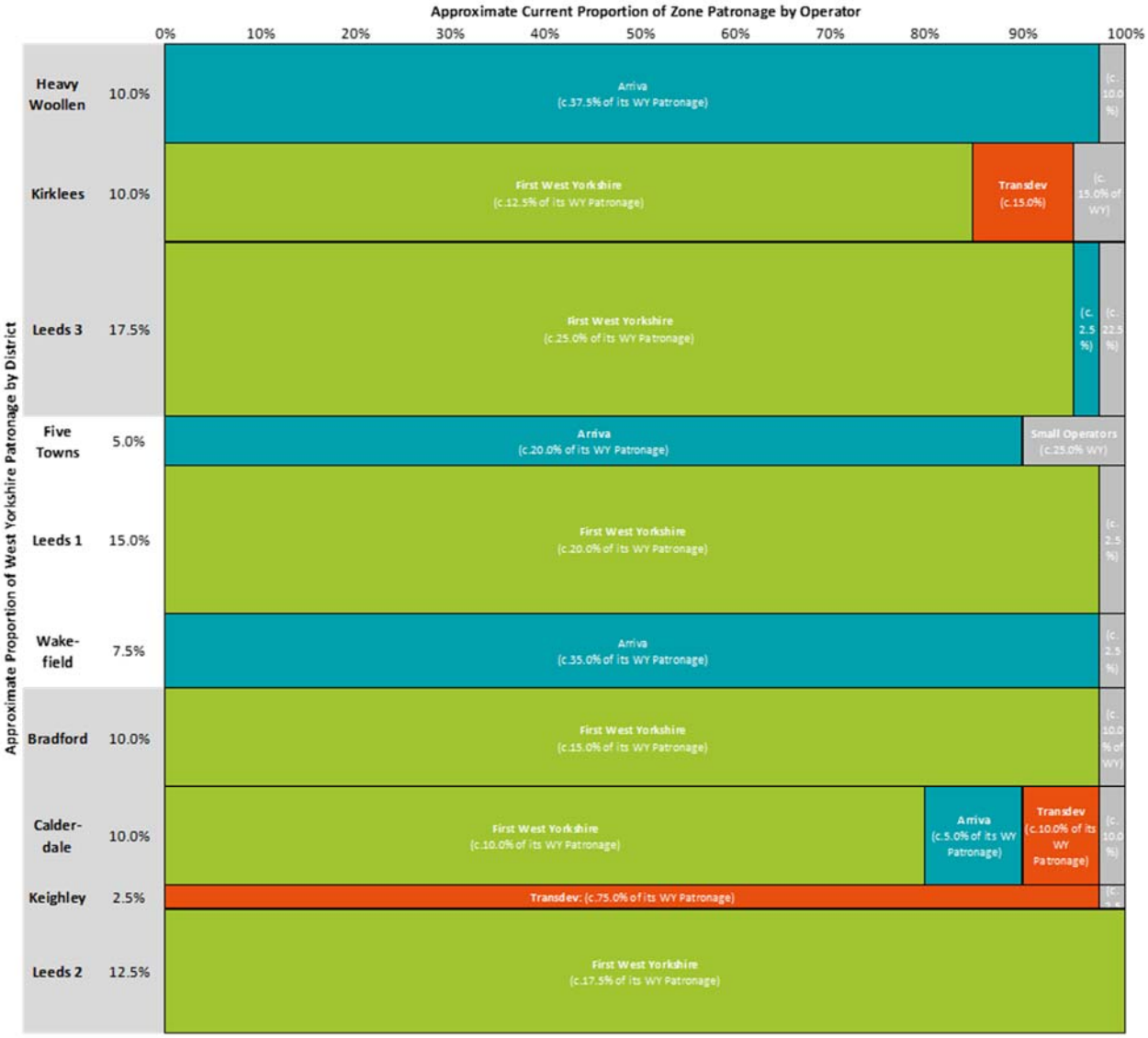
Figure 21: Operator Passengers by Franchising Round



Source: Analysis of data provided by operators

8.4.14 Additional detail is included in Figure 22, showing the equivalent data for the zones which make up each round. For example, showing that Transdev's 12.5% present share of Round 3 patronage relates to an approximately 7.5% share of Calderdale (10.0% of West Yorkshire bus trips) and 97.5% of the Keighley market (2.5% of bus trips).

Figure 21: Operator Passengers by Franchising Zone and Round



Source: Analysis of data provided by operators

8.4.15 The possible outcomes of Franchising have been considered in light of the information in the figures above as part of validating the proposals for zoning and phasing, particularly during transition. For example, any of the three depot-based Lots which comprise the majority of Round 1 services could be won by First Group, Arriva, Transdev, or a new entrant.

8.4.16 If Arriva was not successful in securing the contract for services it presently operates in the Heavy Woollen zone or any other depot-based lot, with approximately 60% of its demand remaining and opportunities in other rounds it is considered likely that they would remain active in the market. If

Arriva was then not successful in securing a Round 2 contract, its services included in Round 3 only carry around 5.0% of its overall passengers. If Arriva elected to no longer run these services, it is considered that alternative arrangements could be made relatively easily.

8.4.17 If following the first Franchising round, First Group's coverage was reduced, it also would have approximately 60.0% of its passenger trips remaining and opportunities in other rounds (in addition to any Round 1 contract it was successful in securing). If First Group was then not successful in securing a Round 2 contract, it would still retain something around 42.5% of its overall present passenger trips, which is anticipated with the Round 3 opportunities remaining is considered would be sufficient to maintain its interest in the market.

8.4.18 The potential impact on Transdev of not successfully securing any contracts during the first two Franchising rounds is limited, with only around 15% of its present passenger trips relating to services included in Round 1, and none in Round 2. It is therefore considered unlikely to be in Transdev's interest to remain active within the West Yorkshire bus market during transition.

8.4.19 For SMO presently operating in West Yorkshire, the potential impact of Franchising is considered to be relatively neutral – there being limited difference in bidding for the smaller Franchise lots in comparison to supported services. SMO would not be able to choose to run commercial services alongside their contracted services, as is currently possible. However, the proposed lotting and contracting strategies are intended to maintain and grow opportunities for SMO relative to the current situation and it is anticipated that SMO opportunities under Franchising, which can be controlled by the Combined Authority, would be better than under the Reference Case or EP+.

8.4.20 The Franchising proposal was developed with the aim of attracting competition across the rounds. The approach, set out in the Commercial Case, intends to minimise the costs and resource requirements of transition. However, there would be some activity required during transition in preparation for implementation and possibly more for new entrants than incumbents; however, these costs are assumed to have been included

within bids margins. In the case of new entrants, Franchising offers relatively low risk opportunities to enter the West Yorkshire bus market for operators for whom the potential benefits of expansion outweigh these risks and the costs of bidding and establishing a local presence.

8.4.21 For incumbent Operators exiting from one or more Round-areas or entirely from West Yorkshire under Franchising[69] any residual impacts are considered to be non-material. Drivers and other employees associated with bus operations are anticipated to transfer with that specific service to the successful bidder for that lot. As part of its Depot Strategy[70] West Yorkshire Combined Authority will engage with existing Operators in relation to acquisition of appropriate sites; others, which may be surplus to requirements, may have market value for other uses in any case. Operators have considerable flexibility with the deployment of vehicles, for example with opportunities for (as yet not fully depreciated) vehicle use on other rounds or – for larger operators – potentially with other parts of their organisation[71].

8.4.22 Franchising represents a fundamental change from the current deregulated model, under which bus Operators choose where to provide services which attract passengers and secure a margin; however, it is noted that around two fifths of the income received for these services relates to payments made from or through the public sector[72] for bus services in England outside London, even under non-Covid-19 affected conditions.

8.4.23 For all Operators tendering for contracts, there will be costs associated with bidding – incurred whether or not those bids are successful. The Franchising proposal has been structured with the aim of not requiring unnecessarily high bid costs. For successful bidders, recovery of these costs (as required) is assumed to have been priced into the bids. For unsuccessful bidders, the decision of whether to bid and how much to spend will have been taken in the knowledge that success was not guaranteed. It is noted that there are already bidding costs associated with supported

[69] This latter outcome is considered unlikely and, as previously stated, is not a specifically desired outcome.
[70] See Commercial Case Section 5.3.10.
[71] It is noted that West Yorkshire Combined Authority's approach to fleet comprises public sector acquisition/ownership of ZEBs, replacing existing operator-owned and largely diesel fleet in any case.
[72] See paragraph 2.2 of Improving local bus services in England outside London, National Audit Office, October 2020

services, and for SMO bidding for services outside the depot-based lots there will not be a significant change in this.

8.5. Wider Economic Impacts

8.5.1 WEI arise as the effects of a transport intervention are transmitted into the wider economy. These effects are greatest where market distortions mean the economy is not functioning efficiently, and which the transport intervention can help to overcome. For example, better connecting areas of high unemployment with industrial areas may lead to both an increase in the number of people employed, and improvements to the attractiveness of the industrial site due to its improved access to a pool of labour.

8.5.2 The scope of analysis envisaged at each of the levels set out in TAG[73] reflects this distinction, whereby 'Level 1' benefits cover direct economic impacts in the transport market assuming the scheme brings about insignificant land-use change, excluding all WEI. 'Level 2' benefits build on this to capture wider 'connectivity' related economic impacts that can be estimated without explicit land-use modelling. These are:

(a) Agglomeration (static clustering): positive productivity effects which increase with the scale and concentration of economic activity within a conurbation

(b) Output change in imperfectly competitive markets: improvements to competition that arise from increasing the number of accessible suppliers of goods and services

(c) Labour supply impacts: reductions to commuting costs remove barriers to work and increase the range of opportunities available to jobseekers

8.5.3 These impacts have been assessed as part of this appraisal and the scale of the impact is presented below.

Agglomeration

8.5.4 Agglomeration or 'clustering' benefits arise from firms and workers being located 'closer' to one another as a result of improvements in transport

[73] Section 3.2 of TAG Unit A2.1 Wider Economic Impacts Appraisal

connectivity. These benefits are based on well-established economic observations where places with greater effective density, either as a result of people and jobs being located physically close or being effectively brought closer through better transport links, are more productive.

8.5.5 All transport schemes which deliver benefits in the form of 'conventional' time savings will also deliver agglomeration benefits. The scale of these will be greater in areas of already high employment density and where the level of connectivity improvement is greatest.

8.5.6 Although the benefit per journey of improved bus services is small, these changes are pan regional and impact a large proportion of bus journeys. As a result, the combined densification effect on West Yorkshire will be significant generating agglomeration benefits of a broadly equivalent scale to the Level 1 benefits.

Output change in imperfectly competitive markets

8.5.7 Improved transport connectivity can also stimulate additional competition within the economy, encouraging new suppliers to enter the market and increasing economic output. TAG[74] values these benefits at 10% of the value of the business user travel time benefits of the scheme.

8.5.8 The proportion of business trips using buses is relatively low, at 0.7% for concessionary pass holders and 1.7% for other users. The inclusion of imperfect competition benefits therefore represents a small upside (relative to the level of conventional benefits) within the economic case of each of the enhancement options.

Labour Supply Impacts

8.5.9 Improvements in transport accessibility can encourage new workers into the labour market, who would not otherwise be in work, by better connecting areas of higher unemployment to employment centres elsewhere.

8.5.10 Under both EP+ and Franchising the provision of services to new areas and extending hours of operation could improve the effective labour market catchment of businesses and could improve the number of accessible jobs

[74] Table 4 of TAG Unit A2.1 Wider Economic Impacts Appraisal

to many potential workers. This improved 'matching' of supply and demand would be expected to encourage more workers to enter the labour market.

8.5.11 This has the potential to deliver significant local benefits to workers and businesses, and second order impacts such as local income and expenditure effects. However, within TAG economic appraisal only national level benefits are considered, which reflect the increased tax take that accrues from workers entering the labour market. The monetised benefits (national level) associated with labour market impacts are 3% of the total WEI for both EP+ and Franchising and have a marginal impact on the overall case for either Reform option.

Wider Economic Impacts Conclusions

8.5.12 WEI are estimated to represent around 42.6% of conventional benefits for EP+ and 47.7% for Franchising, with agglomeration benefits representing around 96% of all WEI. In total the WEI represent £234.4m for EP+ and £404.8m for Franchising.

8.6. Reliability Impact on Business Users

8.6.1 Anticipated reliability impacts on business users as a result of bus regulatory reform are dependent on the delivery, and associated funding, for bus priority measures. While reliability issues and improvements are an important consideration for bus services across West Yorkshire, they are more aligned with bus priority enhancements – something that regulatory change does not in itself deliver, although it can help facilitate it or realise the benefits of any bus priority measure that improve reliability. One benefit of the Franchising option is that West Yorkshire Combined Authority will have responsibility and ownership of both planning and delivering reliability measures, and receiving bus fare income. This is an important characteristic of the Franchising option, as there will be an incentive to delivery bus reliability improvements as the Combined Authority will receive any additional fare revenue and operating cost savings that are generated.

8.6.2 However, given reliability improvements are dependent on additional funding becoming available, and it is not known if any reliability improvements would only be delivered under one of the Reform options, the

economic appraisal has not included reliability and the potential monetised benefits reliability improvements may bring about.

8.7. Regeneration

8.7.1 Any regeneration impacts as a result of the changes to bus service delivery are not anticipated to be material. Although the proposed Bus Reform options will deliver connectivity enhancements (through improvements to service frequency, additional services and service route changes) these are not expected to directly support or enhance public transport accessibility to major developments. The impact has therefore been assessed as neutral for all options.

8.8. Impacts on the Economy: Conclusions

Table 19: Summary of Impacts on the Economy

2010 PV	EP+	Franchising
Business Users	£6.7m	£14.8m
Transport Providers	£11.2m	-£1.9m
Reliability (Business Users)	Neutral	Neutral
Regeneration	Neutral	Neutral
Wider Impacts	£234.4m	£404.8m

Source: Economic Case appraisal

8.8.1 For the non-monetised impacts of reliability and regeneration, the EP+ and Franchising options are considered to have a broadly comparable impact. The business user impacts, and WEI are both greater under Franchising, with the former more than double the same impact under EP+ and the latter more than 70% higher. As discussed above the impact on transport providers is different under each option. Under Franchising, with the revenue, operating cost, and investment cost impacts resulting in a small negative impact on operators overall, whilst the additional services compared to the Reference Case delivering a small benefit to operators.

9. Impacts on the Environment

9.1. Introduction

9.1.1 The impacts on the environment include the benefits and any potential disbenefits of transport interventions on the natural and physical environment. Compared to other transport interventions which involve physical infrastructure, the scope for environmental impacts is limited to those caused by vehicle use (that is impacts of emissions). There is an overlap between the impact on the environment and the impacts on society.

9.2. Noise

9.2.1 The reduction in car journeys will reduce the noise pollution generated by car use. This has a resulting health benefit for the population of West Yorkshire. There is potentially an effectively insignificant adverse impact associated with increased bus services which will be further reduced by the use of battery and hydrogen electric buses which produce significantly less engine noise than diesel buses; the DfT TAG databook[75] value for the noise impacts of PSV is zero.

9.2.2 Noise impacts are calculated using the level of mode shift described in Sub-sections 7.4.12-7.4.20 and MEC rates from the latest TAG databook[76] which use average values of noise benefit; though in reality these impacts could be more pronounced than the MEC average near significant receptors and in central locations where bus represents a significant proportion of the traffic flow.

9.2.3 The PV benefits of noise reduction are £0.3m and £0.4m for EP+ and Franchising respectively, relative to the Reference Case; this is linked to more car journeys being replaced by bus journeys under EP+ and Franchising than in the Reference Case.

[75] MEC sheet of the January 2023 TAG Databook
[76] MEC sheet of the January 2023 TAG Databook

9.3. Air Quality

9.3.1 The interventions under EP+ and Franchising will improve air quality in West Yorkshire in two ways:

- First, through modal shift away (the level of which is calculated using the diversion factor approach described in Sub-sections 7.4.12-7.4.20) from car use. Buses generate significantly lower emissions per person trip than cars. Therefore, the reduction in car use will generate health benefits from the net reduction in particulate and NOx emissions from travel. There is a small air quality disbenefit from the increased number of buses in service under EP+ and Franchising, though this disbenefit is smaller than the modal shift benefit. These can be estimated using the MEC approach described in TAG. The net air quality benefits are £0.7m and £1.2m PV for EP+ and Franchising respectively, and both relative to the Reference Case.
- Second, through the introduction of ZEB, which have significantly lower tailpipe emissions than their diesel equivalents, into the West Yorkshire fleet. Under EP+ and Franchising, the introduction of ZEB is more controlled and the pace of introduction more certain than under the Reference Case, maximising their potential benefit (that is, whilst the profile of introduction of ZEB is assumed to be the same across all options, the level of certainty over their delivery is greater under Franchising and EP+, to a lesser degree, than under the Reference Case). The timescale for introducing ZEB in the Franchising scenario is described further in Sub-section 3.10 of this Economic Case as well as in the Commercial Case.

9.3.2 The monetised air quality benefits of zero emission buses under EP+ and Franchising are modest, relative to the Reference Case. There are several factors that may change the scale of these benefits as described below:

9.3.3 The way these benefits have been calculated uses TAG MEC[77]. The method applied to this calculation assumes that the introduction of zero

[77] TAG Unit A5.4 Marginal External Costs

emission buses negates any emissions that affect air quality. In reality, engine emissions do not account for all the particulate emissions produced by a vehicle. Particulate emissions are also produced by tyres, brakes and degradation of the road surface and therefore will still be produced by zero emission buses. However, in the context of the monetised appraisal this impact is assumed to be negligible and has not been quantified.

9.3.4 The impacts of vehicle emissions on air quality are localised and the benefit of reduced emissions highly contextual to the air quality in the area. The MEC associated with air quality are based on the average air quality conditions across the UK. In general, urban areas have significantly lower air quality than the UK average. As West Yorkshire is majority an urban area the average UK values in MEC are likely underplaying the true benefit of the increase in air quality. West Yorkshire specifically, has several Air Quality Management Areas (AQMA) and a Clean Air Zone in Bradford. The AQMA and the Clean Air Zone are in areas at risk of not meeting the government air quality objectives.

9.3.5 The locality of air quality benefits is also important when considering where lower emission buses are deployed across the region. Given that air quality can vary on a street by street basis and under all Bus Reform options there is graduated introduction of lower emission buses, the benefits will be maximised if diesel buses are replaced first in the areas with the lowest air quality. Under the Reference Case, and to a lesser extent EP+, the introduction of lower emission buses will be market led, leading operators to deploy them where it is most commercially advantageous rather than where it delivers the greater social benefit. Under Franchising, West Yorkshire Combined Authority has full control over where the new ZEB can be deployed, therefore maximising their benefit. The introduction of ZEB under the Franchising option has not been developed and planned to the level of detail of which services, routes, or corridors would benefit from ZEB and precisely when.

9.3.6 There is a large gross benefit of zero emission buses under EP+ and Franchising, however, net of the Reference Case this is much smaller. The Reference Case assessed in this appraisal takes an arguably optimistic

view of the pace of operator-led introduction of low emission vehicles. Under Franchising, the financing of zero emission buses by the Combined Authority ensures certainty of the pace of transition and that the vehicles with the lowest emissions are introduced. Under EP+ it is assumed that the Combined Authority negotiates full influence of the pace of transition (through including this as part of the EP standards). A slower pace of change in the Reference Case would lead to a somewhat higher net benefit under EP+ and Franchising options.

9.3.7 Overall, and on the basis of the MEC results, and the potential for further benefits related to the possible faster pace of transition, the net air quality benefits of Bus Reform can be argued to be moderately beneficial, particularly for Franchising.

9.3.8 The Distributional Impacts of air quality benefits would not result in negative impacts on air quality. Over the appraisal period, the eventual transition to an entirely zero emission bus fleet will ensure the air quality benefits are pan-regional. However, as noted earlier, before the entire fleet is converted, Franchising gives greater control to West Yorkshire Combined Authority over where the deployment of zero emission buses is prioritised. This means their use can be targeted at areas where vulnerable demographics, for example children, will be impacted most, such as routes adjacent to schools. This will have a positive distributional impact of the air quality benefits towards these groups, though this benefit has not been specifically quantified and monetised in the economic appraisal.

9.4. Greenhouse Gases

9.4.1 As with the air quality impacts there are two ways in which the proposed interventions of Bus Reform will reduce greenhouse gas emissions. First through modal shift and second through directly reducing the emissions of buses.

9.4.2 The reduction in greenhouse gas emissions as a result of modal shift generates £2.1m and £4.1m PV for EP+ and Franchising respectively. This modal shift is calculated using a bus diversion factor from the DfT TAG

databook[78] and the impact is calculated using MEC[79] and includes a small disbenefit from the increased number of diesel buses in the early part of the appraisal period, as per the congestion and air quality elements of MEC.

9.4.3 EP+ and Franchising generate a reduction in greenhouse gas emissions through the introduction of zero emission buses into the fleet, although this is not assumed to be incremental to the Reference Case. This assumes the energy source for these vehicles produces zero greenhouse gas emissions. Whilst, in actuality, there may be some emissions from the energy source – these will still be significantly lower than would be produced by a diesel vehicle. Therefore, the level of benefit will remain similar.

9.4.4 EP+ and Franchising also provide greater certainty that zero emission buses are introduced and that the pace of change is maximised compared to operator led introduction. This could increase the impact from slight to moderate beneficial.

9.4.5 Similar to the case of air quality, in the context of a declining bus network, the number of car journeys would increase, but Franchising and EP+ forecast a lower decline in bus trips, which in turn leads to an incremental greenhouse gas emission benefit of the Reform options over the Reference Case.

9.5. Other Environmental Indictors

9.5.1 TAG[80] indicates that the appraisal should also consider the environmental impacts on landscape and townscape, historic environment, biodiversity, and the water environment of the area affected by the scheme. Whilst these can be important indicators for infrastructure projects, Reform of bus services will not have the same physical impacts and therefore these impacts do not need to be considered in any detail, since the programme impact of either Bus Reform option will be negligible, and therefore are scored Neutral.

[78] Table A5.4.6 of the January 2023 TAG Databook
[79] TAG - Marginal External Costs
[80] TAG Unit A3, Environmental Impact Appraisal

9.5.2 Where more local infrastructure investment is undertaken in support of delivering West Yorkshire's BSIP, for example bus priority measures, or depot investment/refurbishment, any environmental impacts arising will be considered as part of the investment decision process.

9.6. Impacts on the Environment: Conclusions

9.6.1 The direct impacts of bus regulatory Reform on the built and natural environment are limited, relating mainly to modal shift from car to bus journeys and to the replacement of existing diesel buses with zero emission buses (where there is no assumed incremental benefit over the Reference Case, but there is greater certainty about the pace of replacement of the bus fleet). This replacement, in line with national and local policy and commitments to achieving net zero, is anticipated to happen under all Bus Reform options; the advantages of the options appraised are therefore marginal benefits from providing greater confidence in the rate of change and of focusing zero emission bus deployment in areas where improvements in local air quality and/or traffic noise are most needed.

9.6.2 The table below summarises the performance of EP+ and Franchising options, relative to the Reference Case, against the Environment impact categories set out in TAG[81].

Table 20: Summary of Impacts on the Environment

2010 PV	EP+	Franchising
Noise	£0.3m	£0.4m
Air Quality	£0.7m	£1.2m
Greenhouse Gases	£2.1m	£4.1m
Landscape	Neutral	Neutral
Townscape	Neutral	Neutral
Historic Environment	Neutral	Neutral
Biodiversity	Neutral	Neutral

[81] TAG Unit A3, Environmental Impact Appraisal

Water Environment	Neutral	Neutral

Source: Economic Case appraisal

9.6.3 With regard to impacts on the Environment there is little to choose between EP+ and Franchising. Both offer some marginal advantage over the Reference Case, providing opportunities for West Yorkshire Combined Authority to influence deployment of zero emission buses.

10. Impacts on Society

10.1. Introduction

10.1.1 The impacts on society[82] relate to the first-order impacts on transport users who travel for non-business purposes, including commuters, those in education, and other purposes. Impacts include those on bus users, other highway users, and also on active modes.

10.2. Consumer Bus User Benefits

10.2.1 The welfare impacts of enhanced bus services on non-business users make up the largest proportion of the benefits of Bus Reform. This occurs because journeys for commuting and other (for example leisure, health, personal business) purposes make up over 98% of demand[83], which more than compensates for these users having lower values of time than business users.

10.2.2 The monetised welfare impacts of EP+ and Franchising are £537.5m and £830.3m PV respectively. The majority are generated by GT savings as a result of the increased frequencies, coordination, rationalisation of existing services and the introduction of new services.

10.2.3 A small proportion of the user benefits are from fares and ticketing reform, and these are included in the totals reported above and are reported specifically in the Affordability section below.

10.3. Transport User Benefits (Other Modes)

10.3.1 Of the new bus demand induced by EP+ and Franchising, 25% of those journeys would have otherwise been made by car and a further 10% by taxi or private hire vehicle[84]. This modal shift will reduce congestion on the highway network benefiting other road users through reduced journey times. However, as with other road users travelling for business there is a

[82] As set out in TAG Unit A4.1 Social Impact Appraisal
[83] Table A1.3.16 of the January 2023 TAG Databook
[84] Table A5.4.6 of the January 2023 TAG Databook

congestion disbenefit of additional buses operating under EP+ and Franchising. This disbenefit is £18.5m and £13.7m PV for EP+ and Franchising respectively.

10.3.2 The distribution of the wider transport user benefits will be similar to the bus user benefits as the change in congestion, calculated as a part of the MEC impacts, will occur in the same areas as the new bus journeys take place.

10.4. Social Value of Bus

10.4.1 There is a benefit to society in relation to not withdrawing existing bus services from the West Yorkshire network. The removal of bus services impacts on different user groups in different ways. Buses provide access to employment, education, leisure and recreation opportunities and thus, the provision of bus services (or the non-removal of them in this context) has a social value that can be monetised in accordance with TAG A4.1. There, the appraisal of benefits of the scheme monetises the benefit of keeping the existing bus provision in place following bus regulatory Reform.

10.4.2 The economic appraisal applies the value of the social impact per return bus trip[85] to the changes in demand as a result Bus Reform. These values are split by concessionary and non-concessionary pass holders. The impacts of these trips are included in, and are not additional to, the user benefits reported in Section 10.2 They are £57.3m and £84.0m for EP+ and Franchising respectively.

10.5. Reliability

10.5.1 As outlined previously in this Economic Case, for the purposes of the demand forecasting and appraisal, the Reform options do not include the implementation of bus priority or other measures that are aimed at reducing variability in journey times and improving reliability. EP+ and Franchising do, however, create opportunities for reliability improvements to be made.

10.5.2 EP+ would create an opportunity for the public-sector to offer and record its commitment to such interventions, to incentivise and reward the negotiated

[85] Table A1.3.18 of the January 2023 TAG Databook

bus operator commitments. This opportunity also means the incentive for operators to provide reliable services to changes from an indirect revenue impact (passengers respond to unreliability by no longer travelling by bus) to a direct revenue impact (payments made by West Yorkshire Combined Authority to operator in line with the agreed performance regime).

10.5.3 Under Franchising, there would be advantages in terms of aligning incentives for improving punctuality and reliability; in that the public sector would receive any additional revenue generated by network interventions that improve reliability. Under Franchising reliability would come more under the control of the Combined Authority, including through the performance regime which would be specified within the service contracts.

10.5.4 The extent of these opportunities is limited and therefore an assessment of Slight Beneficial impact applies to both EP+ and Franchising.

10.6. Physical Activity

10.6.1 As per reliability, Bus Reform options are unlikely to bring about any significant changes to bus service routeing and bus infrastructure throughout West Yorkshire. As such, any changes that are made will unlikely influence the levels of physical activity associated with using bus services in West Yorkshire. The impact of delivering Bus Reform is therefore assessed at this time as having a Neutral impact on physical activity at this stage for both EP+ and Franchising.

10.7. Journey Quality

10.7.1 As discussed in Section 2 of this Economic Case, there will be a benefit from the changes proposed in the BSIP to enhance customer experience. This will benefit bus users through improved journey quality. However, the value placed on these changes is lower than travel time changes. Therefore, the overall additional impact is appraised as Slight Beneficial for Franchising. For EP+ this impact will be smaller as it is somewhat harder to introduce the interventions proposed under the BSIP and therefore the impact is appraised as Neutral.

10.7.2 For Franchising, where West Yorkshire Combined Authority gains control over all bus services, there is the opportunity for better integration with other public transport modes. This will provide a travel time benefit to bus users. However, the scale of this impact will be small compared to the wider services changes as the opportunities for better integration are much more limited. Overall, better integration with other public transport modes for Franchising is appraised as Slight Beneficial.

10.8. Accidents

10.8.1 In addition to the externality benefit of decongestion, a reduction in car use will also result in a reduction in the rate of highway accidents and reduce the associated social costs. As with noise impacts, TAG[86] values the accident impact of additional bus services at zero. The benefits of a reduction in highway accidents as a result of Bus Reform are £2.6m and £3.9m PV for EP+ and Franchising respectively.

10.9. Security

10.9.1 The introduction of Bus Reform brings an opportunity to provide improved security provision at stops/on vehicles, in comparison to existing bus provision – for example ensuring good lighting and visibility, high quality CCTV provision/recording and access to emergency help and information. A change in bus regulation will not, however, greatly impact upon many of the factors outlined above. The impact of delivering Bus Reform is therefore assessed at this time as having a Neutral impact on security at this stage for both EP+ and Franchising.

10.10. Access To Services

10.10.1 A core ambition for Bus Reform is that improved bus service provision will enhance the quality of life for West Yorkshire residents by improving their connectivity to education, healthcare, retail and leisure destinations (within and outside the county) through harnessing bus operator competition. Improved connectivity may include advantages for passengers from service

[86] MEC sheet of January 2023 TAG Databook

coordination, ticket integration, and information provision, each allowing for improved bus services for West Yorkshire residents. The impact of delivering Bus Reform is therefore assessed as having a Slight Beneficial impact on access to services at this stage for both EP+ and Franchising.

10.11. Affordability

10.11.1 A change in bus regulation has the potential to affect the cost of travel on bus services across West Yorkshire. The reduction in fares and changes to ticketing assumed under Franchising (and, to a lesser extent, EP+) described in subsections 4.2.32 – 4.2.35, will have a positive distributional impact on bus users by making services more affordable. The effects of this will be especially pronounced in deprived and low-income areas. Thus, delivery of Bus Reform is assessed as having a Slight Beneficial and Beneficial impact for EP+ and Franchising respectively.

10.11.2 A small proportion of the user benefits are from fares and ticketing reform. This includes the willingness-to-pay benefit from simplified and integrated ticketing as well as the personal affordability impacts of fares reductions. This proportion of the user benefits are £17.5m and £35.1m for EP+ and Franchising respectively.

10.12. Severance

10.12.1 Severance in this context is the variable and cumulative negative impact of the bus network on the behaviour and wellbeing of residents/people who use the local area who need to move across bus-served infrastructure. An example of a severance barrier could be the lack of a footbridge to cross the road which has a high frequency of buses along it, impeding residents' ability to cross the road. Implementing any of the Bus Reform options is unlikely to elicit any significant changes to the current public transport infrastructure across West Yorkshire as routes will be largely unaffected. The absence of such changes means current severance barriers to accessing public transport will remain. Thus, the impact of delivering Bus Reform is therefore assessed, on balance, as having a Neutral impact on severance for both EP+ and Franchising.

10.13. Option and Non-use Values

10.13.1 Few areas of West Yorkshire have material residential populations with very limited access to public transport of some kind. A change in bus regulation is therefore extremely unlikely to 'substantially change the availability of transport services[87] and therefore option benefits are not anticipated to be significant and a Neutral impact on option and non-user values has been given for both EP+ and Franchising.

10.14. Impacts on Society: Conclusions

10.14.1 Bus regulatory Reform will have significant positive impact on society, directly proportionate to the extent to which the gradual decline in service levels under the Reference Case can be mitigated and to which components of the WY BSIP can be implemented.

10.14.2 The table below summarises the performance of EP+ and Franchising options, relative to the Reference Case, against the Society impact categories set out in TAG[88].

Table 21: Summary of Impacts on Society

2010 PV	EP+	Franchising
Commuting and Other Users	£519.0m	£816.6m
Reliability (Commuting and Other Users)	Slight beneficial	Slight beneficial
Physical Activity	Neutral	Neutral
Journey Quality	Neutral	Slight beneficial
Accidents	£2.6m	£3.9m
Security	Neutral	Neutral
Access to Services	Slight beneficial	Slight beneficial
Affordability	£17.5m	£35.1m

[87] TAG Unit A4.1 Paragraph 7.1.1
[88] TAG Unit A4.1 Social Impact Appraisal

2010 PV	EP+	Franchising
Severance	Neutral	Neutral
Option and Non-Use Values	Neutral	Neutral

Source: Economic Case appraisal

10.14.3 The quantified impacts on society included in the table above are all greater for Franchising than EP+. The commuting and other user impact, reduction in accidents, and affordability impacts are all driven by a higher forecast of bus patronage under the Franchising option. Both options are assumed to have slight beneficial impacts on reliability and access to services, which Franchising is also assumed to have a slight beneficial impact on journey quality as a result of the increased control of customer experience held by West Yorkshire Combined Authority under Franchising.

11. Impact on Public Accounts

11.1. Introduction

11.1.1 TAG Unit A1.2[89] states that investment and operating costs should be reported in a Public Accounts table for the scheme or option being appraised. The revenue, operating cost, and investment impacts on both local and central governments are included and summed to calculate the impact on the 'Broad Transport Budget', and the indirect taxation impacts are reported as the impact on 'Wider Public Finances'.

11.1.2 The direct costs of Bus Reform are introduced in Section 4. These costs are summarised in the table below and refer to the demand scenario that assumes demand recovering to 80% of the pre-Covid-19 levels and the funding scenario that assumes constant West Yorkshire Combined Authority budget, in real terms.

11.2. Costs to Broad Transport Budget

11.2.1 The below table presents the impact on the Public Accounts of EP+ and Franchising. It shows that under EP+, only those services which are supported require funding from West Yorkshire Combined Authority and are reflected in impacts of the Public Accounts. In the case of EP+, given the initiatives from the BSIP that can be introduced as part of this option, there is a greater cost effectiveness than under the Reference Case, which leads to a £15.3m incremental benefit (expressed in 2010 PV).

11.2.2 In the case of Franchising, all services are specified and funded, and all revenue from them collected, by the Combined Authority. Revenue collected amounts to £538.8m and Combined Authority funding to £454.4m with a net profit of £84.5m (incremental to the Reference Case, PV). This includes all previously commercial and supported services.

11.2.3 The Combined Authority will incur additional ongoing operating costs for both Reform options incremental to the Reference Case, linked to, among

[89] Chapter 5 of TAG Unit 1.2 Scheme Costs

others, the additional costs of staff, transition, or renegotiation and tendering. In the case of EP+ these add up to £14.7m and in the case of Franchising to £36.6m (both in 2010 PV).

11.2.4 The Public Accounts summary also presents the impact of investment in zero emission depots and the transition to ZEB. In the case of Franchising, given that the Combined Authority is assumed to purchase one depot for each of the Franchising zones there is an additional cost for the public sector of £19.9 million PV which forms part of the investment cost line in the summary below. As discussed in section 8.4 Franchising option also includes an operator depot ownership cost saving and this forms part of the West Yorkshire Combined Authority supported service contract payments in the summary table below.

11.2.5 As discussed above investment in infrastructure for ZEB to be run from each depot will be required in all options, including the Reference Case. In the case of EP+, the private sector is assumed to continue owning depots, with the cost of installing ZEB infrastructure being split between central government, West Yorkshire Combined Authority, and private operators. Importantly in the context of the appraisal of EP+ there is assumed to be no difference in the level or distribution of expenditure on depots between the Reference Case and the EP+ option.

11.2.6 In the Franchising option the cost of installing infrastructure is also assumed to be the same as in the Reference Case, and the central government contribution is the same. However, the remaining contribution is provided by the Combined Authority under Franchising and operators under the Reference Case. Therefore the Combined Authority's contribution appears as part of the investment line in the table below, but is 'cancelled out' by the same value as a saving in the Transport Economic Efficiency (TEE) table in the next section.

11.2.7 With regards to the purchase of fleet additional vehicles are required in the EP+ and Franchising scenario compared to the Reference Case. For EP+ part of this additional cost is accounted for in the operating cost line of the appraisal, as fleet is paid for by operators through deprecation, with the remainder included as central government investment costs. Under

Franchising central government also contribute part of the cost, with the Combined Authority contributing the remainder.

Table 22: Summary of Impact on Public Accounts (2010 prices, PV)

2010 PV	EP+	Franchising
West Yorkshire Combined Authority		
Revenue (Supported/Franchised Services)	-£49.4m	-£538.8m
Operating Costs (Administration of EP+ and Franchising)	£14.7m	£36.6m
Investment Costs (Depot and Fleet Costs)	£0	£95.8m
Operator Subsidy/Supported Service Contract Costs	£19.3m	£454.4m
Sub Total (net impact)	-£15.3m	£47.9m
Central Government: Transport		
Revenue	£19.9m	£28.7m
Investment costs	£22.9m	£23.3m
Total	£42.8m	£52.0m
Central Government: Non-Transport		
Indirect Tax Revenues	£8.8m	£10.9m
Totals		
Broad Transport Budget	£27.5m	£99.9m
Wider Public Finances	£8.8m	£11.0m

Source: Economic Case appraisal

11.2.8 In addition to these costs, there are indirect public sector costs associated with impacts on other public transport modes as well as reduced costs from modal shift away from car use. As set out in Sub-sections 7.4.12-7.4.20 of this Economic Case a combination of DfT Diversion Factors and an assumed rail yield have been used to estimate a reduction in rail revenue as a result of passengers switching to bus travel. This impact is reported in the central government: Transport section of the PA table above and totals £19.9m for EP+ and £28.7m for Franchising.

11.2.9 Modal shift away from car use reduces maintenance costs of highway infrastructure due to fewer car journeys generating wear and tear. The impact of this on public accounts is a cost benefit of £0.1m and £0.1m (2010 PV) for EP+ and Franchising, respectively.

11.3. Indirect Tax Revenues

11.3.1 Modal shift from other modes to bus, in particular car and rail, will impact the indirect tax collected by government. Both of fewer car journeys and fewer rail journeys affect tax income: the former from reduced fuel consumption and the tax income from the duty paid on it and the latter from the indirect taxation impact on rail fares as described in TAG. Bus diversion factors[90] from TAG are used to determine the drop in rail and car journeys from increased bus usage. The impact of reduced car and rail journeys on indirect tax revenue are estimated using the MEC approach in TAG Unit A5.4[91]. Furthermore, an increase in bus patronage will also reduce indirect tax, as it is assumed the money spent on bus travel would have been spent elsewhere in the economy causing a drop in indirect tax. The impact of this on central government accounts is £8.8m and £11.0m for EP+ and Franchising respectively.

[90] Table A5.4.6 of the January 2023 TAG Databook
[91] TAG - Marginal external costs

Table 23: Summary of Indirect Tax Impacts

Central Government Funding: Non-Transport **2010 PV**	**EP+**	**Franchising**
Road Infrastructure	-£4.6m	-£6.8m
Bus and Coach	£15.9m	£21.4m
Rail	-£2.6m	-£3.7m
Indirect Tax Revenue Total	£8.8m	£11.0m

Source: Economic Case appraisal

11.4. Impacts on Public Accounts: Conclusions

11.4.1 The table below summarises the performance of EP+ and Franchising options, relative to the Reference Case, against the Public Accounts categories set out in TAG[92].

Table 24: Summary of Impacts on Public Accounts

2010 PV	**EP+**	**Franchising**
Cost to Broad Transport Budget	£27.5m	£99.9m
Indirect Tax Revenues	£8.8m	£11.0m

Source: Economic Case appraisal

[92] TAG Appraisal Summary Table

11.4.2 There are several reasons behind the differences in the figures above:

- The transfer of revenue and operating costs between the public and private sector is a significant part of the Broad Transport Budget impact of the Franchising option but does not occur under EP+. The incremental revenue and operating cost of the Franchising option is greater than under EP+
- The Franchising option includes greater public sector investment, incurred by both Local and Central Government, in fleet and depots than EP+
- The indirect taxation and rail revenue impacts are greater under Franchising than EP+, driven by the higher bus patronage forecast for Franchising

12. VfM Appraisal Outputs

12.1. Introduction

12.1.1 This section the outputs of the economic appraisal of the two Bus Reform options under consideration. These outputs are presented using a structure based on standard DfT reporting tables, including the presentation of the Net Present Value (NPV).

12.1.2 It should be noted that, in the context of this Assessment, the Guidance places greater emphasis on the NPV than on the BCR, given that the transfer of costs and revenues between the private and the public sector can make the BCR a less useful comparative metric of the economic performance of each of the Reform options (with private sector costs and revenues reported as part of the PVB and public sector costs and revenues on the PVC in the standard TAG definition of the BCR)[93].

12.1.3 For this reason, an alternative 'social' BCR has been derived for the purposes of comparing options included in the appraisal. The social BCR includes all benefits and revenues in the PVB and all costs in the PVC, and as such, is less affected by changes between options and scenarios, and is more useful as a comparator.

12.1.4 This section presents a statement on the Value for Money of each option, according to the analysis and results set out in this Economic Case.

12.2. Economic Appraisal of Scenarios

12.2.1 The economic appraisal considers each option against the net benefits and costs relative to the Reference Case. The performance of each option is summarised in the table below. Keeping consistency with previous sections, these results are provided for the demand scenario that assumes a recovery to 80% of pre-Covid-19 levels and the funding scenario that assumes constant West Yorkshire Combined Authority budget, in real terms.

[93] See paragraph 1.56 of The Bus Services Act 2017 - Franchising Scheme Guidance. Department for Transport.

12.2.2 Table 25 below presents the TEE of both Reform options following the structure of DfT's standard reporting template, which presents the distribution of impacts across different groupings of passengers and private sector businesses. The user benefits reported in the TEE table include the congestion impacts calculated using MEC.

Table 25: Transport Economic Efficiency (TEE) for EP+ and Franchising

2010 PV	**EP+**	**Franchising**
Non-business		
Commuting User Benefits	£304.5m	£474.9m
Other User Benefits	£214.5m	£341.8m
Business		
User Benefits	£6.7m	£14.8m
Private Sector Provider Impacts	£11.2m	-£1.9m
Other Business impacts	£0	£0
Net Business Impact	£17.9m	£12.9m
Total TEE	**£536.8m**	**£829.6m**

Source: Analysis of data provided by operators

12.2.3 Table 26 below shows the NPV of each option as well as the calculation of the social PVC, PVB and resulting BCR, as discussed at the start of this section. The NPVs presented here are identical to those that would be calculated using a TAG approach. The social BCR below has been used in the context of other bus policy schemes (for example, for Nexus' Quality Contract Scheme) and is recognised in the DfT publication[94] which adopts the current approach for the BCR ('NATA' BCR) as a sensitivity test which is appropriate to perform.

[94] NATA Refresh: Appraisal for a Sustainable Transport System (Department for Transport, 2009)13

Table 16: Calculation of NPV and BCR

2010 PV	EP+	Franchising
User benefits	£525.7m	£831.4m
Non-user benefits	£5.7m	£9.6m
Change in bus revenue	£108.8m	£137.8m
Change in revenue on other modes	-£19.9m	-£28.7m
PVB	**£620.3m**	**£950.1m**
Change in bus operating costs	£67.6m	£65.7m
Regulation management costs	£14.7m	£36.6m
Indirect taxation	£8.8m	£11.0m
Depot investment (net public and private sector)	£22.9m	£108.6m
PVC	**£114.0m**	**£221.9m**
NPV	**£506.3m**	**£728.2m**
BCR	**5.4**	**4.3**
PVB including WEI	**£878.8m**	**£1,355.0m**
NPV including WEI	**£764.7m**	**£1,133.1m**
BCR including WEI	**7.7**	**6.1**

Source: Analysis of data provided by operators

12.2.4 As shown in the results above, both EP+ and Franchising would deliver greater benefits and revenue than costs required to implement both options. The total net benefit, shown by the NPV, is higher for the Franchising option.

Both options can be seen as representing **Very High** Value for Money based on only the monetised impacts, and both would be justified from a public intervention perspective. The inclusion of WEI increases the NPV for both options. In addition, both options include unmonetised benefits however these are not expected to be of a magnitude as to significantly change the Value for Money assessment of either option.

12.3. Economic Appraisal Outputs for Scenarios under Consideration

12.3.1 The tables below present a summary of the VfM assessment for the monetised benefits for EP+ and Franchising under the different scenarios assessed through the modelling and appraisal that informs this Economic Case.

12.3.2 The range of scenarios allow consideration of whether EP+ and Franchising deliver VfM across a range of outcomes and whether or not the relative performance varies between both Reform options.

12.3.3 The results below show that both options deliver greater benefit than cost as shown by the positive NPV for both options under every scenario.

Table 27: Value for Money Assessment – Franchising demand and budget scenarios

Scenario 2010 NPV	Low demand (% difference from central case)	Central Demand	High Demand
Low Budget	£132.9m (-82%)	£666.7m (-8%)	£1,020.2m (40%)
Central Budget	£425.7m (-42%)	£728.2m	£1,126.1m (55%)
High Budget	£475.9m (-35%)	£824.9m (13%)	£1,296.2m (78%)

Source: Economic Case appraisal

Table 28: Value for Money Assessment – EP+ demand and budget scenarios

Scenario 2010 NPV	Low demand (% difference from central case)	Central Demand	High Demand
Low Budget	£165.9m (-67%)	£461.5m (-9%)	£781.8m (54%)
Central Budget	£367.1m (-27%)	£506.3m	£970.9m (92%)
High Budget	£396.8m (-22%)	£613.7m (21%)	£1,100.8m (117%)

Source: Economic Case appraisal

12.4. Sensitivity Testing

12.4.1 The following text outlines tests carried out to test the sensitivity of the modelling and appraisal results to changes in key assumptions and inputs, as part of a consideration of uncertainty around the monetised appraisal.

12.4.2 Five additional sensitivity tests have been carried out, on the central case scenario for EP+ and Franchising, simultaneously changing the Reference Case comparator for each:

- Changes to operating margins
- Removal of user benefits in the first three years
- Changes in rail abstraction yield
- Changes in generalised time (GT) derivation
- Changes to passenger retention in the cutting process
- Changes to car journey distance for MEC

Changes to operating margins

12.4.3 The supported and franchised (under the Franchising option only) services margins are important assumptions in the modelling and appraisal of the Reform options. The justification for the levels assumed in the central case is set out in Section 4.7 of the Financial Case.

12.4.4 The sensitivity of the appraisal results to this assumption has been tested and the results have been set out below. The margins have been increased and decreased by 1.5 percentage points, with the franchised services margins assumed to be 6% and 9% for the low and high sensitivities, respectively. The margins for supported services are assumed to be 7% and 10% for the low and high sensitivities.

Table 29: Franchising margin sensitivities

Scenario 2010 NPV	Higher Margin	Lower Margin
Franchised Services	£618.2m (-15%)	£882.5m (21%)
Supported Services	£807.8m (11%)	£688.7m (-5%)

Source: Economic Case appraisal

Table 30: EP+ margin sensitivities

Scenario (2010 NPV	Higher Margin	Lower Margin
Supported Services	£533.0m (5%)	£640.5m (27%)

Source: Economic Case appraisal

12.4.5 The results show that the assumed margins are important in the appraisal however the overall conclusions on the Value for Money of both of the options, and the difference between them, remain unchanged.

Removal of User Benefits during Transition

12.4.6 This test assesses the impact of removing the user benefits in the first three years of the appraisal period from 2027-2029. This serves as a proxy for the potential and uncertain impacts during transition to EP+ or Franchising. Removing user benefits for the first three years of the appraisal represents a scale of impact should operators remove any services during the transition period. This test has been applied only in the economic appraisal element of the Economic Case, rather than the demand and revenue forecasts discussed in Section 6.

Table 31: Removal of user benefits during transition sensitivity test

Result 2010 PV	Existing	Removal of user benefits
EP+		
NPV	£506.3m	£469.1m
Social BCR	5.4	5.1
Franchising		
NPV	£728.2m	£650.0m
Social BCR	4.3	3.9

Source: Economic Case appraisal

12.4.7 While removing three years of user benefits reduces the NPV and BCR for both EP+ and Franchising, even with this change both options continue to have a large level of net benefit and would be justified from a Value for Money perspective.

Changes in Rail Abstraction Yield

12.4.8 As described in Section 7.4.24 an average yield for abstracted local rail trips has been assumed to estimate the impact of the reform options on rail revenue, and the influence of this on the monetised appraisal. Changing the rail yield by ±50% has been considered. As above, this test has been applied only in the economic appraisal element of the Economic Case, rather than the demand and revenue forecasts discussed in Section 6.

Table 32: Change in rail abstraction yield sensitivity test

Result **2010 PV**	**Existing**	**Increased yield**	**Decreased yield**
EP+			
NPV	£506.3m	£497.6m	£514.9m
Social BCR	5.4	5.4	5.5
Franchising			
NPV	£728.2m	£715.7m	£740.8m
Social BCR	4.3	4.3	4.3

Source: Economic Case appraisal

12.4.9 Compared to other assumptions made in this Economic Case, this assumption has limited influence, and the results show changing the rail yield makes no significant difference to the NPV or BCR of either EP+ or Franchising. For neither Franchising nor EP+ the 50% change in rail yield does not lead to a change of more than 2% in the overall NPV.

Changes in Generalised Time Derivation

12.4.10 In Section 7, Table 12 outlines the calculation of GT and the impact it has on the overall user benefits and outcome of the appraisal. As GT is a fundamental assumption in the appraisal model, this test considers the impact of a change in its derivation, and therefore impact, on the monetised appraisal. This test has only been applied in the economic appraisal element of the Economic Case.

12.4.11 The base 'average' GT (item (a) in Table 12) has been increased and decreased by 25% for the purposes of this test. This is considered to be a relatively large change, and also one that is considered to be unlikely in reality.

Table 33: Change in generalised time derivation sensitivity test

Result 2010 PV	Existing	Increase in GT (+25%)	Decrease in GT (+25%)
EP+			
NPV	£506.3m	£629.4m	£383.2m
Social BCR	5.4	6.5	4.4
Franchising			
NPV	£728.2m	£919.5m	£536.9m
Social BCR	4.3	5.1	3.4

Source: Economic Case appraisal

12.4.12 The test shows that the implied GT change (item (f) in Table 12) that would generate the forecasted change in demand would increase/decrease with the change in the base GT.

12.4.13 Overall, the 25% change in generalised time leads to a similar percentage change in the NPV for both Franchising and EP+. The changes to the NPV and BCR are relatively large compared to the other sensitivity tests, however even with a large decrease to the GT both EP+ and Franchising still have high NPVs and BCRs.

Changes to Passenger Retention in the Cutting Process

12.4.14 In the central case there is an assumption that 50% of passengers from a cut service would continue to travel by bus, using other services on the same or close parallel corridor. This test considers the impact of changing the proportion of passengers retained from by 10 percentage points to either 40% or 60%. As there is uncertainty and variability as to the passenger retention to cut services, this test allows consideration of higher and lower passenger retention in comparison to the central case. This test has been applied in the demand and revenue forecasting with the results then appraised using the same economic appraisal as the central case.

Table 34: Change in passenger retention in the cutting process sensitivity test

Result 2010 PV	Existing	Increased demand retained (60%)	Decreased demand retained (40%)
EP+			
NPV	£506.3m	£702.4m	£491.1m
Social BCR	5.4	5.6	5.3
Franchising			
NPV	£728.2m	£925.5m	£653.6m
Social BCR	4.3	4.7	4.0

Source: Economic Case appraisal

12.4.15 The results above demonstrate that the appraisal results are somewhat sensitive to the assumption on level of demand assumed to remain on the network following a service being cut. Additional demand remaining on services makes the network more commercially viable and then enables other services to continue running, explaining the relatively high increase in the NPV and BCR for the EP+ option in the 60% scenario above. The impact is smaller on the Franchising option.

12.4.16 Despite the sensitivity shown in some of the results above, in all three scenarios the scale and difference of the NPV of the two options remain relatively constant. The Franchising option's NPV is £222.0m, £223.1m, and £162.5m higher than the EP+ option in the central, 40%, and 60% scenarios, respectively.

Changes to Car Journey Distance

12.4.17 The central case assumes an average car journey distance of 5 km for the purposes of calculating MEC. However, in reality this distance will be dependent on many factors and vary significantly across the region. Therefore, this sensitivity test will assess the impact of changing the average car journey distance by 50%. This test is only applied in the economic appraisal.

Table 35: Change to car journey distance sensitivity test

Result 2010 PV	Existing	Increased car journey distance (50%)	Decreased car journey distance (50%)
EP+			
NPV	£506.3m	£518.2m	£493.3m
Social BCR	5.4	5.5	5.3
Franchising			
NPV	£728.2m	£745.8m	£710.6m
Social BCR	4.3	4.4	4.2

Source: Economic Case appraisal

12.4.18 The results above show that a change in the assumption of average car journey distance makes a very small and insignificant change to both the NPV and the social BCR for both options.

Audit

12.4.19 As part of the audit process a set of minor amendments to the forecasting and appraisal models were tested, proposed by the auditor in response to clarification questions. These did not have a material impact on the results of the appraisal.

12.4.20 The results of this test are summarised in the table below.

Table 36: Test of updates proposed in audit process

	EP+	FC
Economic Case Values	**506,260**	**728,230**
Minor forecast model changes	505,574	727,976
Update to treatment of BSOG in appraisal	503,901	724,486
Rail revenue calculations update	507,833	729,920
Total % change	**0.3%**	**0.2%**

12.5. Value for Money Statement

12.5.1 The Value for Money Assessment for the Bus Reform options considered is summarised below, which includes the monetised and non-monetised aspects and its distribution, and assessment of the certainty of outcomes.

Combining monetised and non-monetised aspects and consideration of the distribution of those benefits

2010 PV	EP+	Franchising
Net Present Value (NPV):	£506.3m	£728.2m
NPV including WEI:	£764.7m	£1,133.1m
Overall non-monetised impacts:	Slight beneficial	Beneficial
Distributional benefit:	Slight beneficial	Beneficial

Source: Economic Case appraisal

12.5.2 The Franchising option is forecast to generate a higher net monetised impact, as shown by the NPV in the table above, which represents total benefits minus total costs. As discussed throughout this Economic Case, Franchising is also judged to deliver a high level of non-monetised impact through the great control and advantages it provides in terms of West Yorkshire Combined Authority being able to specify the bus network in the region. This great control is also why Franchising is judged to deliver greater distributional benefit, as the Combined Authority would be able to target areas of the region which require benefits from the bus network the most.

An assessment of certainty in outcomes, partially informed by sensitivity testing but also referencing the nature and time-profile of uncertainty around options

	EP+	Franchising
Uncertainty during transition:	Medium	High

Uncertainty during operation:	Low	Low
Uncertainty around evolution:	High	Low

Source: Economic Case appraisal

12.5.3 In terms of uncertainty during transition, there is a 'medium' level of uncertainty over what will be negotiated and agreed with operators for the EP+ to be introduced. Franchising has a higher level of uncertainty during transition as these impacts are partially dependent on the actions of operators. As discussed earlier in this Economic Case, the Combined Authority would be proactive in managing any risks during transition to Franchising. During operation there is low uncertainty over both options, with the Combined Authority able to respond to changes in the bus market and industry under the Franchising option. There is a high level of uncertainty over the EP+ as it evolves as renegotiation of the EP would again require agreement from operators.

Value for Money, appraised in line with DfT Guidance.

	EP+	**Franchising**
Initial VfM Category (Based on the economic appraisal):	Very High	Very High
Adjusted VfM, also considering: • Non-monetised impacts • Distributional benefit • Uncertainty	Very High	Very High

Source: Economic Case appraisal

12.5.4 Both reform options represent 'Very High' Value For Money to the public sector based on the results of the economic appraisal of both options. Compared to the Reference Case both options are forecast to generate benefits considerably and robustly 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 West Yorkshire 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.

13. Conclusions

13.1. Introduction

13.1.1 This section provides a summary of the economic performance of EP+ and Franchising options under the baseline scenario, with the main impacts summarised in an Options Appraisal Summary Table which includes monetised and non-monetised impacts. These impacts are then summarised in the Value for Money statement for the options considered.

13.2. Option Appraisal Summary

Table 37: Appraisal Summary Table

	2010 PV	EP+	Franchising
Economy	Business Users	£6.7m	£14.8m
	Transport Providers	£11.2m	-£1.9m
	Reliability (Business Users)	Neutral	Neutral
	Regeneration	Neutral	Neutral
	Wider Impacts	£234.4m	£404.8m
Environment	Noise	£0.3m	£0.4m
	Air Quality	£0.7m	£1.2m
	Greenhouse Gases	£2.1m	£4.1m
	Landscape	Neutral	Neutral
	Townscape	Neutral	Neutral
	Historic Environment	Neutral	Neutral
	Biodiversity	Neutral	Neutral
	Water Environment	Neutral	Neutral

	2010 PV	EP+	Franchising
Society	Commuting & Other Users	£519.0m	£816.7m
	Reliability (Commuting & Other Users)	Slight beneficial	Slight beneficial
	Physical Activity	Neutral	Neutral
	Journey Quality	Neutral	Slight beneficial
	Accidents	£2.6m	£3.9m
	Security	Neutral	Neutral
	Access to Services	Slight beneficial	Slight beneficial
	Affordability	Slight beneficial	Beneficial
	Severance	Neutral	Neutral
	Option and Non-Use Values	Neutral	Neutral
PA	Cost to Broad Transport Budget	£27.5m	£99.9m
	Indirect Tax Revenues	£8.8m	£11.0m

Source: Economic Case appraisal

13.3. Value for Money Conclusions

13.3.1 Both Reform options, EP+ and Franchising, are shown to generate more benefits and revenue than the cost required to implement and operate them, when compared to the Reference Case. The forecasting and appraisal underpinning this Economic Case suggest that Franchising has a higher NPV (meaning a higher level of overall monetised impact) than EP+, and the Case has also concluded that the Franchising option generates a wider range and scale of non-monetised benefit. Section 12 of this Economic Case show that the EP+ option has a slightly higher BCR than Franchising –

due to a lower net investment, but both options represent High Value for money, including when the DfT BCR approach is used.

13.3.2 The advantages of Franchising are primarily through the greater control West Yorkshire Combined Authority would have over specifying the bus network, in terms of service frequencies and extents, but also the roll out of ZEBs. There is a greater degree of uncertainty over the impacts of Franchising in the short term as the actions of operators during the transition phase are uncertain, whilst the impacts of EP+ are more uncertain in the long term as any agreement would require negotiation.

Find out more

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Bus Reform Assessment Commercial Case

Final Commercial Case

September 2023

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1. Commercial Case Introduction

1.1. Purpose

1.1.1. The purpose of this Commercial Case is to assess the proposed commercial models of the two shortlisted bus reform options Enhanced Partnership Plus and Franchising. This is done against the Reference Case of the existing Enhanced Partnership, with reference to the Green Book Guidance requirements and the Bus Services Act 2017 Franchising Scheme Guidance (the "Franchising Guidance").

1.2. Requirements of Green Book Guidance

1.2.1. The Green Book Guidance requires an assessment of the proposed commercial arrangements for each option to determine whether a commercially viable deal can be achieved. This includes:

- an evaluation of the required procurement arrangements to implement the proposed service changes;
- an assessment of how these arrangements can be procured competitively; and
- an assessment of the relevant risks and how these will be managed.

1.2.2. Under the Franchising Guidance, the assessment should consider how the options could be procured competitively and what the contractual arrangements would look like, with the view to ensuring, for franchising proposals in particular, that the proposed franchised services could be secured under local service contracts or through service permits.

1.3. Requirements of Franchising Guidance

1.3.1. The Guidance[1] (Franchising Guidance) presents a number of elements that the assessment should consider, particularly for Franchising, including:

- the commercial model they intend to employ;
- the size and geographical scope of the areas for Franchising;

[1] Department for Transport: The Bus Services Act 2017.

- the duration of contracts;
- how cross boundary services will be facilitated (including how the service permit system will be used to enable those services to operate);
- whether Franchising will be phased-in gradually;
- other key contractual arrangements, including those relating to the transfer of staff; and
- how they intend to facilitate strong competition for contracts and encourage involvement of SMOs; and
- the key commercial risks, their potential impacts and how they would be mitigated and managed.

1.4. Structure of this Commercial Case

1.4.1. To address these requirements in the context of bus services in West Yorkshire, this Commercial Case will:

(a) assess the existing commercial arrangements for bus services within West Yorkshire.

(b) outline the proposed commercial arrangements under each of the bus delivery options, including key contractual principles and potential mechanisms;

(c) consider potential risk allocation and implications under each option;

(d) outline key procurement arrangements and develop the wider procurement strategy; and

(e) reflect the requirements of the Franchising Guidance, which sets out several additional areas that must be considered as part of a commercial case for a franchising scheme, each of which is addressed below.

These include:

(i) size, geographical scope and length of franchise contracts;

(ii) key contractual arrangements and mechanisms;

(iii) phasing of franchise contracts and implementation;

(iv) how the involvement of small and medium-sized enterprises will be facilitated;

(v) measures for promoting strong competition;

(vi) what transition period arrangements will be required and how services will be protected and what commercial arrangements will be put in place to manage transition;

(vii) how cross-boundary services will be facilitated;

(viii) other key contractual issues, including those relating to transfer of staff (e.g., personnel implications, pensions and TUPE).

1.4.2. To address the above requirements, this Commercial Case is structured as follows:

- **Section 2 - Commercial Success Factors**: setting out the key Commercial Success Factors of the Combined Authority which have been developed for the assessment of the Enhanced Partnership (Reference Case) alongside the two shortlisted delivery options for bus reform.
- **Section 3 – Overview of the current bus Market**: an overview of the current bus market, historic interventions made by the Combined Authority and the establishment of the existing Enhanced Partnership (Reference Case). This considers the strengths and weaknesses of the current arrangements.
- **Section 4 - Commercial Assessment of Enhanced Partnership + Scheme**: an assessment of the benefits and challenges of an Enhanced Partnership Plus (EP+) Scheme against the Commercial Success Factors of the Combined Authority.
- **Section 5 - Commercial Assessment of Franchising Model**: an assessment against each of the key areas required under the Franchising Guidance, and assessment of the benefits and challenges of this option against the Commercial Success Factors of the Combined Authority (documented in section 2).
- **Section 6 – Conclusion**: concluding remarks on the commercial performance of the two bus reform options being considered relative to that of the Reference Case.

2. Commercial Success Factors

2.1. Introduction

2.1.1. Within the context of the requirements of HM Treasury Green Book and Franchising Guidance, there is the need for the commercial case to demonstrate which option best drives competition and enables a commercially viable deal.

2.1.2. In order for options to be compared on this basis, the Combined Authority has developed a series of Commercial Success Factors, linked to its overarching objectives for the Bus Reform Assessment, as set out in chapter 8 of the Strategic Case.

2.2. Commercial Success Factors

2.2.1. The Commercial Success Factors for the Assessment are:

- **Transport Authority Influence**: The Combined Authority requires certainty that its investment will support its intended outcomes. The delivery option commercial model should allow the Combined Authority to have influence over bus network outcomes.
- **Best Value**: The delivery option must robustly and transparently show that it is able to achieve a suitable combination of price and quality which will contribute to passenger affordability.
- **Driver of Competition between Operators**: The delivery option should be commercially viable for Operators and facilitate strong competition, whilst being compliant with relevant competition rules. The model must facilitate the participation of small and medium sized operators and new entrants to the market by removing unnecessary barriers to entry, encouraging competition to enable quality and value for the Authority.
- **Appropriate risk allocation**: The delivery option should allocate risks to the public and private sectors that they are most capable of managing. Risk allocation should be considered in relation to the delivery option, including fare revenue risk, operating cost risk, service standards and asset provision.

- **Ease of Implementation of Option**: The delivery option must be practical to implement and put in place a model that is sustainable over time.

3. Overview of the bus market

3.1. Introduction

3.1.1. In this section we set out the details of the current bus market in West Yorkshire, the commercial arrangements that are currently in place and list the range of interventions that the Combined Authority currently makes to support bus travel, including the Enhanced Partnership that was made in April 2022. The following sub-sections set out:

- **Current Regulation** - describes the current regulatory environment in West Yorkshire;
- **Current Market Structure** - describes the structure of the market in West Yorkshire, including Operators, as well as current fleet and depot provision;
- **Combined Authority interventions** - describes the historic and current bus market interventions undertaken by the Combined Authority, and associated risk allocation of bus service provision;
- **Enhanced Partnership** - describes the establishment of the existing Enhanced Partnership (Reference Case); and
- **Summary against Commercial Success Factors** - provides a summary of the Enhanced Partnership Reference Case (EP/RC) relative to the Commercial Success Factors.

3.2. Current Regulation in West Yorkshire Bus Market

3.2.1. As set out in section 7 of the Strategic Case, bus services in West Yorkshire are deregulated, consistent with other bus services outside of London with exception of those Authorities having made the decision to Franchise services (e.g. Greater Manchester Combined Authority), or be in the process of assessing the potential to Franchise services.

3.2.2. In this model, private sector bus Operators plan and operate bus services which are registered with the Traffic Commissioner. Operators provide bus

services commercially and compete for passengers based on the quality of service provided and the fares charged for journeys.

3.2.3. The West Yorkshire region operated under a Voluntary Partnership prior to April 2022, when an Enhanced Partnership (EP) Plan and Scheme was made. This Plan and Scheme was used as the mechanism for the delivery of the early stages of the Bus Service Improvement Plan (BSIP) with a second scheme being introduced in November 2022.

3.3. Current Market Structure in West Yorkshire

3.3.1. The following sub-section describes the current market structure of Operators in West Yorkshire, including:

- **Operator market share** - the composition of bus Operators active in West Yorkshire;
- **Current fleet use** - the current fleet employed by Operators to deliver the existing network in West Yorkshire; and
- **Current depot composition** - the current operator depot landscape in West Yorkshire.

Operator market share

3.3.2. There are currently 26 bus companies operating in West Yorkshire. The West Yorkshire bus network is, in the main, delivered by three major commercial Operators, namely:

- First West Yorkshire Limited - Owned by FirstGroup PLC;
- Arriva Yorkshire Limited - owned by Arriva PLC; and
- The Keighley Bus Company Limited - owned by Transdev PLC.

3.3.3. These three major commercial Operators largely provide radial services into the major towns and cities and operate 85% of bus mileage across West Yorkshire. The table below sets out the market share of the three major commercial Operators and also summarises all other smaller Operators.

3.3.4. As described in the table below, First has the largest market share by passenger journey of 69%, followed by Arriva and Transdev with 23% and 6% respectively.

Table 1: 2023 Market Share for Bus Operators in West Yorkshire[2]

Bus operator	Market Share by passenger journey (%)
First West Yorkshire Limited	69%
Arriva Yorkshire Limited	23%
The Keighley Bus Company Limited (Transdev)	6%
All Other Operators	2%

Current fleet in use in West Yorkshire

3.3.5. There are currently c.1,800 buses operating within the Combined Authority region (including school services), the majority of which are owned or leased by individual Operators running bus services across the area.

3.3.6. A breakdown of the number of commercial buses and their average age as of 2023 is provided in the table below. As can be seen from the table below, the average age of fleet in the region is c. 11 years.

Table 2: Average Fleet Age, 2023[3][4][5]

Bus operator	No. vehicles in network	Average fleet age (Years)
First	748	10
Arriva	309	10
Transdev	240	13
All Other Operators	458	10

[2] Information was sourced via Data request sent to Operators in June 2022.
[3] Information was sourced via Data request sent to Operators in June 2022.

[5]Calculation based upon the 'mean' average of each category within the table - First, Arriva, Transdev and all other Operators.

Total	1,755	11

3.3.7. The emissions profile of the fleet indicates that currently, 67% of the fleet operating in West Yorkshire is at Euro V or higher. It should also be noted that the proportion of vehicles with better Euro emissions standards varies across West Yorkshire districts with the highest proportion of Euro VI or higher being in Leeds, Bradford and Wakefield. Calderdale and Kirklees in comparison have a much higher proportion of EuroV or lower vehicles (as set out in section 9.2.6. in Appendix 1.1).

3.3.8. 94% of the fleet operating in West Yorkshire is diesel, with 4% being hybrid and the remaining 2% made up of electric vehicles. Currently the only Zero Emission Buses (ZEBs) are electric and are operated within Leeds. This comprises a fully electric Park and Ride Service, an electric Demand Responsive Transport (DRT) service and a city center bus route operated by First Group. Table 3 below provides a breakdown of fleet numbers by fuel type.

Table 3: Fleet Numbers, 2023

Fuel Type	Fleet Numbers	Percentage of total fleet
Diesel	1,650	94%
Electric	35	2%
Hybrid	70	4%
Total	1,755	100%

3.3.9. There will be an uplift in the number of electric buses due to a successful Zero Emission Regional Area (ZEBRA) bid to central government, resulting in an additional 136 electric buses. This will increase the proportion of ZEBs from 2% to 11% and will also result in better distribution of ZEBs across the region, seeing the introduction of electric fleet to routes in Bradford and Wakefield. ZEBRA forms Phase 1 of a 3 Phase ZEB programme that could see the roll

out of up to 245 Zero Emission Vehicles in West Yorkshire, as described further in the following section.

3.3.10. While this represents a step change in fleet toward ZEBs for West Yorkshire, it should be noted that the investment has been enabled by public sector funding (subsidising the incremental cost of moving to ZEBs) - with the market not acquiring ZEBs on its own.

Depots in use in West Yorkshire

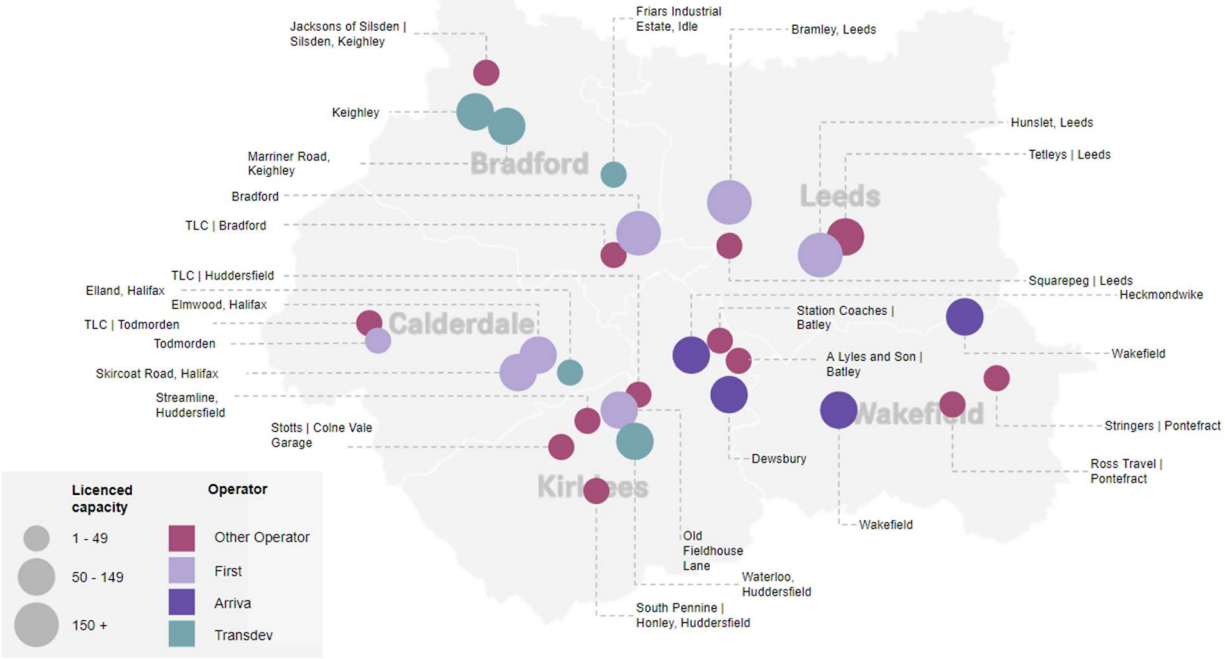
3.3.11. Across West Yorkshire, there are currently 29 depots in total which are owned and operated by existing bus Operators. The three major commercial Operators have control of the larger depots - of the 13 depots with capacity in excess of 50 Peak Vehicle Requirement (PVR), the ownership composition has been summarised as follows:

Table 4: Large depot ownership composition, 2023

First Group	Arriva	Transdev
● Hunslet, Leeds ● Bramley, Leeds ● Bradford ● Skircoat Road, Halifax ● Elmwood, Halifax ● Old Fieldhouse Lane	● Wakefield ● Castleford ● Dewsbury ● Heckmondwike	● Keighley ● Marriner Road, Keighley ● Waterloo, Huddersfield

3.3.12. The location of these depots is spread across West Yorkshire, as shown in Figure 1 below.

Figure 1: Existing depots in West Yorkshire



3.3.13. Depots are key to supporting the delivery of bus service operations across West Yorkshire and play an important role in managing and maintaining the fleet and supporting the granting of and adherence to operator licenses issued by the Traffic Commissioner's Office.

3.4. Combined Authority interventions

3.4.1. This sub-section describes the level of intervention undertaken by the Combined Authority in the delivery of bus services in West Yorkshire historically. It sets out:

- **Risk allocation** - the current allocation of risks in bus service provision in the Region between the Combined Authority and Operators;
- **Tendered and supported services** - in line with other Local Transport Authorities (LTAs) in England, the Combined Authority can make payments to Bus Operators for tendered services. These services (which are not commercially viable) rely on support from the Authority and are socially desirable but not commercially viable or attractive for Operators to run. They often include additional departures (for example early

morning or Sunday services) on otherwise non-viable routes, or in certain cases entire routes which would otherwise not be run by Operators

- **Ticketing** – the Combined Authority has had a statutory ticketing scheme (MCard) for a number of years, so has regulated requirements in respect of multi-operator tickets;
- **Concessions** – the Combined Authority has had schemes in place since de-regulation in respect of concessionary travel for elderly and disabled persons, with operators compensated on a no better no worse basis; and
- **Fleet interventions** – the Combined Authority has supported the market through facilitating grant funding to support transition of fleet, including most recently with grant funding for zero emission vehicles.

Risk Allocation & Responsibility for Bus Services

3.4.2. As described in Section 3.4.1, bus services within West Yorkshire are run commercially by Operators except for supported/tendered services that are contracted by the Combined Authority. The allocation of risk and responsibilities between the Combined Authority and Operators is described in the following table.

Table 5 : Risk allocation, 2023

Risk	Allocation
Revenue Risk	● Individual Operators have taken revenue and operating cost risk on all commercial services run in West Yorkshire, save for the additional support provided by the government during the Covid-19 pandemic. ● This is with the exception of tendered and supported services, where the Combined Authority provides financial support for additional bus services which are socially necessary but are not commercially viable or attractive for Operators to run (set out further later in this section). ● Whilst the Combined Authority has no statutory duty to act as the operator of last resort on specific services under the Enhanced Partnership (EP), it has a duty in respect of providing services, and in practice is likely to make interventions if there is a sudden withdrawal of commercial services (as seen during the Covid-19 pandemic, which represented a c 30% increase in expenditure on supported services).

	● Therefore, while there is little direct exposure to revenue risk, the Combined Authority is affected by reductions in revenue as it can lead to the cancellation of marginally commercial services, and this changes the priorities for the Combined Authority in assessing where to target funds for supported services.
Fares and ticketing	● Fares and ticketing are historically set by individual Operators. The Combined Authority has imposed a statutory ticketing scheme, with pricing set by operators. ● These include the Combined Authority's multi-operator tickets (MCard) which supplement the ticket products sold by commercial bus Operators. ● The Combined Authority introduced Mayor's Fares, a fare capping scheme, in September 2022 supported financially by BSIP funding.
Employment of bus staff & station provision	● Most staff involved in the delivery of bus services are employed by individual Operators. This includes drivers, revenue protection staff, maintenance staff, management, and planning. ● The Combined Authority currently employs staff to manage their limited interventions in the bus market. ● Most bus stations are also owned and managed by the Combined Authority, with the exception of Wakefield and Ottley, and provided to Operators on the basis of usage.
Service specifications and branding	● Service specifications and branding currently are the responsibility of Operators, however a range of interventions are planned through the EP to provide the Authority with influence in branding, including a plan to roll out single "metro" branding.
Timetable and routes	● These are the responsibility of individual Operators. ● Under the planned interventions of the EP there is an ambition to influence the frequency or timing of bus services. ● However, it is likely that to the extent that this makes services "non-commercial", the Combined Authority will be required to pay for additional services through tendered/de minimis supported services payments.

Tendered/Supported Services[6]

3.4.3. As described above, the Combined Authority provides financial support for additional bus services which are socially necessary but are not commercially viable or attractive for Operators to run.

3.4.4. These additional 'supported' services include additional departures (for example early morning or Sunday services) on otherwise viable routes, extension of existing routes, or in certain cases entire routes which would otherwise not be run by Operators.

3.4.5. Further description of these services is included in paragraphs 5.4.5 of the Strategic Case.

3.4.6. These supported services make up around 15% of bus service mileage, at a cost to the Combined Authority of £21.7m in 2021/22. This is comprised of four broad categories:

- **Minimum subsidy contracts** - contracts let for the provision of bus services, where services are not being provided by the market (the majority of the supported services currently in West Yorkshire);
- **De minimis contracts** - directly awarded subsidised service contracts for services that are not commercially viable (i.e., the operator cannot be willing to run it);
- **Access bus** - a door-to-door local dial-a-ride service. This service is of particular benefit to people who may require extra assistance boarding or alighting the vehicle; and
- **School Services** - services provided to schools for the transport of pupils, with a proportion subsidised by the Combined Authority.

3.4.7. The largest cost to the Combined Authority is minimum subsidy contracts, at c. 50% of the supported services budget, or £10.3m in 2021/22.

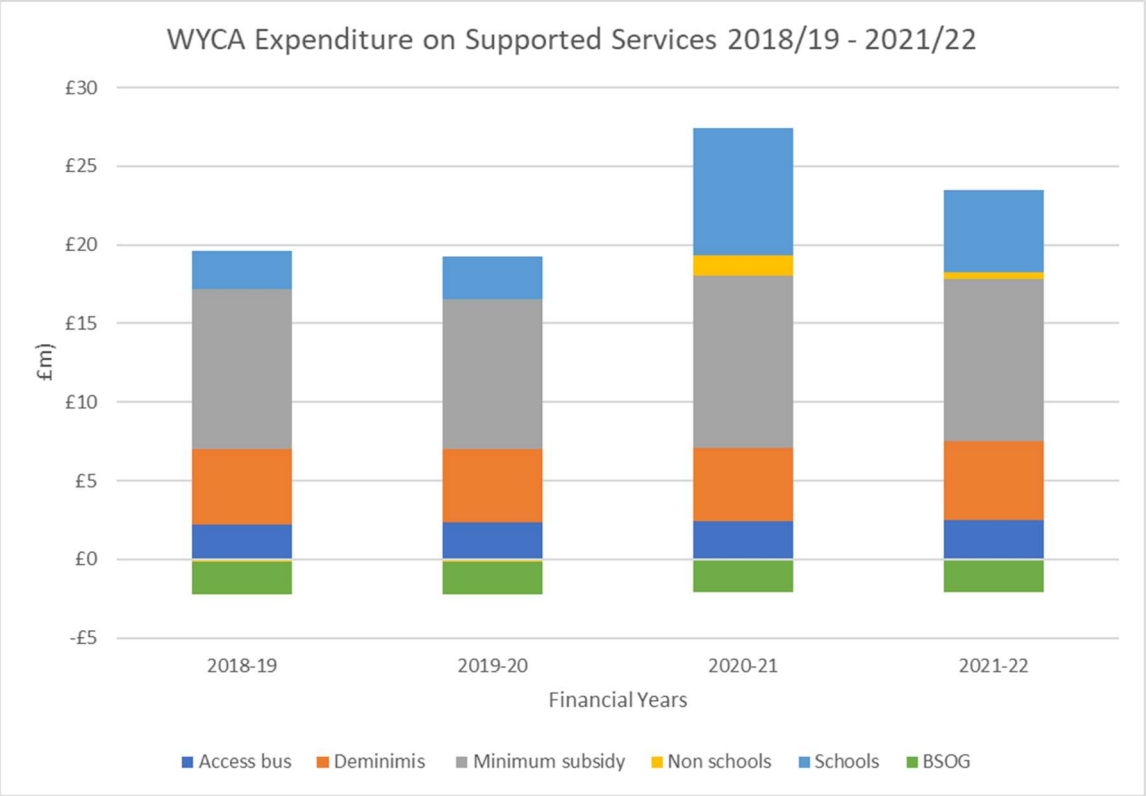
3.4.8. This is followed by both de minimis payments and school services, at a cost of £5.0m and £2.38m in 2021/22 respectively.

3.4.9. Finally, there is a cost of £2.2 million incurred by Access Bus services, and a receipt of Business Service Operator Grant of £2.5 million is netted against the running cost, which when accumulated with the aforementioned supported service costs, derives the net tendered services figure.

[6] WYCA Financial Information

3.4.10. The composition of supported services costs, and level of expenditure during the last 4 years is illustrated in the following graph.

Figure 2: Composition of Supported Services Costs 2018/19 - 2021/22



3.4.11. As can be seen from the figure above, the level of expenditure has increased from £17.1m in 2018/19 to £25.4m in 2020/21, leveling off to £21.4m in 2021/22.

3.4.12. This trend is reflective of the level of support provided to Operators during the Covid-19 pandemic when demand for bus services was significantly reduced, and illustrates the fact that, while the Combined Authority may have limited direct exposure to revenue risk, the Combined Authority will normally have to reconsider its priorities for spending on supported services if a commercial service is withdrawn because of a fall in revenue. Therefore, the public sector does indirectly bear material risk in respect of changes in revenue and the impact that this has on services.

Ticketing and Concessions

3.4.13. Fares within West Yorkshire are primarily set by Operators (as required under bus legislation) supported by interventions from the Combined Authority.

3.4.14. Until recently, Operators would set their own single and return fares, together with a range of single operator products which would include day fares, seasons, and others (e.g., carnets).

3.4.15. The Combined Authority has played a role in supporting ticketing initiatives to encourage bus use in the Region in recent years, including:

- **MCard** - a multi-operator product offered by a TICCO (a joint venture between bus and rail operators in West Yorkshire and the Combined Authority) and administered by the Combined Authority.
- **English National Concessionary Travel Scheme ("ENCTS")** - Statutory concessions for (i) all passengers who have reached the state pensionable age for women; and (ii) eligible disabled passengers falling into one of the categories of disabled persons set out in section 146 of the TA 2000.
- **Mayor's Fares** - a fare scheme to lower and cap fares; and
- **Young People's Fares** – a fare scheme lowering fares for passengers under 19.

3.4.16. MCard and ENCTS have been in place for many years, but Mayor's Fares has been implemented in conjunction with the combined authority's EP Scheme and is funded through the Combined Authority's BSIP funding allocation. Each is described in further detail in the following table:

Table 6: Combined Authority Ticketing Interventions, 2023

Ticketing Intervention	Description
MCard	● Multi operator products (daily and season products) are offered through the MCard product. This is offered by a Joint Venture (JV) of the Combined Authority and Operators. The funds collected from this are administered and distributed through a ticketing company, West Yorkshire Ticketing Company Ltd (WYTCL). MCard, drove revenue of over £34 million per annum prior to the Covid-19 pandemic.

	● The scheme is administered by the Combined Authority under the direction of WYTCL. WYTCL is a Joint Venture Company co-owned by the Combined Authority, bus and rail Operators. ● MCard revenue is collected by WYTCL, now predominantly through the MCard app. As there has been a significant switch to mobile ticketing in West Yorkshire, therefore the amount of physical cash being collected by Operators has dropped.
ENCTS	● ENCTS allows any passengers who have reached the state pensionable age to travel free after 930am by bus until 11pm. The Combined Authority has further extended and funded the scheme, to also allow free travel after 11pm for these passengers. ● The Combined Authority is legally required to reimburse operators for participation in the ENCTS. The Combined Authority makes ENCTS payments to Operators with the objective that Operators are financially "no better or worse off" as a result of the ENCTS scheme.
Mayor's Fares	● More recently, the Combined Authority has introduced 'Mayor's Fares'. This intervention was developed in response to the Government's National Bus Strategy, which encouraged Local Transport Authorities to explore cheaper fare offers with local bus Operators, as part of a package of measures to encourage more people to use the bus service. ● The scheme became active and the fare cap came into effect on 4th September 2022. It offers the public capped fares at £2 per single and £4.50 for a day fare. Operators continue to be entitled to set the underlying fares, but the price to the public is capped, with the Combined Authority reimbursing the operators for the overall impact of those caps on their costs and revenues, with the objective that Operators are financially "no better or worse off" as a result of the scheme. ● As there is daily fare capping in place across all operators in West Yorkshire, if a customer is making three or more journeys they could purchase a multi-operator capped day ticket, at £4.50 (June 2023 prices). The Combined Authority is planning to expand this system to include tap and cap across multi-operator tickets. Daily capping across tap and cap is currently available on single operator tickets from Arriva, First and some Transdev services. ● This enhancement is being tested by all current Operators using the same technology provider to collect customer data - this means that the provider can provide information to allow Operators to cap fares without them having to share data.
Young Person's Fares	● The Combined Authority introduced a Young Person's Fare cap in 2021, which all passengers under 19 can access. The scheme was introduced as the cost of travel has been shown to be a barrier to young people accessing training and employment. ● The ticketing intervention has been introduced so that single (one-way journey) tickets fares will be split into three different amounts based on the distance travelled: 60p, £1.20 or £1.80. The price caps out at £1.80 no matter the length of the journey. Single tickets are available directly

	from bus drivers and each operator's mobile app. The £1.20 single fare is also available to buy on West Yorkshire's MCard mobile app.

Depots and fleet interventions

3.4.17. The Combined Authority has a Zero Emission Bus Programme[7], the delivery of which will help to increase the total number of ZEBs in West Yorkshire from c.2% to between 14% and 19%.

3.4.18. This programme is split into 3 phases which are outlined below:

- **Phase 1:** £66.4million project to introduce 136 ZEBs and charging on routes in Bradford, Leeds, and Wakefield districts, partly funded through the Department for Transport's Zero Emission Bus Regional Area funding.
- **Phase 2:** £4 million project to introduce 8 ZEBs and charging to routes in Calderdale and Kirklees funded through Gain Share, with a focus on exploring the impact of hilly landscape on the running of electric buses; and how the Combined Authority can work with smaller Operators running tendered services to encourage a switch to ZEBs
- **Phase 3**: £21 million project to introduce between 60 and 126 ZEBs and charging (number of vehicles subject to delivery model). This will be funded through City Region Sustainable Transport Settlement (CRSTS).

3.4.19. Phase 1 is currently underway, with the vehicles required to be in operation by March 2024 (buses are currently on order). Funding totaling £66.4 million was split between[8]:

- the three major commercial Operators with a contribution of £38.31 million, akin to the cost of a new diesel vehicle, plus a contribution towards electrical charging infrastructure; and
- DfT grant of £28.1 million reflecting the incremental cost of funding electric vehicles in place of new diesel vehicles and a contribution towards electrical charging infrastructure.

[7] Information based upon WYCA Zero Emissions Bus Programme (ZEB).
[8] [THE COMBINED AUTHORITY to source]

3.4.20. Of the total value, £57 million is allocated for the purchase of 136 ZEBs, with £9.4 million relating to the installation of charging equipment and associated works at four depots.

3.4.21. Under the terms of the funding agreement, Operators are allocated grant funding to support the acquisition of vehicles. Operators are required to operate the vehicles in the Region for a period of 5 years, after which they are free to move the vehicles out of the Region.

3.4.22. Over and above the ZEBRA funding agreement, other interventions in relation to Zero Emission Fleet in the West Yorkshire Region, include:

- investment from First in Stourton Park and Ride (fully electric P&R in Leeds) and introduction of electric single deckers on a First route in Leeds; and
- East Leeds DRT - a demand responsive transport trial funded by the Combined Authority and operated by First which saw the purchase of smaller electric buses for the purposes of the trial.

3.5. The Enhanced Partnership

3.5.1. The Combined Authority made an Enhanced Partnership Plan and Schemes which commenced in April 2022. This Partnership, in line with the requirements of the National Bus Strategy in 2021, is the most significant regulatory intervention made by the Combined Authority in recent years and is the conduit for a range of planned interventions.

3.5.2. This section describes the EP in further detail, including:

- **Introduction** - an introduction to the EP;
- **Purpose** - the purpose of the Partnership and differentiating factors of the EP Plan and EP Scheme;
- **Establishment** - the process undertaken by the Authority to establish the EP; and
- **Contents** - the contents of the EP Plan committed to by Operators.

Introduction to the EP

3.5.3. As set out in Section 7.4 of the Strategic Case, the EP is a statutory partnership between the Combined Authority as the Local Transport Authority (LTA), West Yorkshire local authorities[9] and all Operators running bus services in the Region.

3.5.4. The initial West Yorkshire EP (comprising an EP Plan and one EP Scheme) was made in April 2022, and a further EP scheme made in November 2022, ensuring West Yorkshire could access BSIP funding. This was indicatively awarded in April 2022 by the Department for Transport, and then confirmed in August 2022, to support delivery of the BSIP.

Purpose of the Partnership

3.5.5. The National Bus Strategy, Bus Back Better, published in March 2021, signaled a strong commitment from Government to bus. It acknowledged the challenges of deregulation and looked to strengthen the bus market through the devolution of funding. The strategy required LTAs, including the Combined Authority, to develop a proposed BSIP as a basis for seeking additional funding.

3.5.6. To be awarded BSIP funding LTAs had to demonstrate that they would implement their BSIP through either an EP or franchising scheme. As West Yorkshire had not decided to conduct a franchising scheme assessment at the date of the National Bus Strategy, the EP was the most appropriate way to obtain funding and seek to deliver passenger benefits as soon as possible.

3.5.7. The Enhanced Partnership Plan must provide details on the shared plan of the Combined Authority, the partner councils and Operators to improve bus services and provision in West Yorkshire, building on the ideas and interventions set out in the BSIP in more granular detail, with EP schemes then specifying the specific interventions required to implement that plan.

3.5.8. As a result, the EP Plan reflects the ambitions and content of the BSIP. It departs however from the BSIP in the timescales that it covers, with a statutory requirement that the EP Plan is subject to review.

[9] City of Bradford Metropolitan District Council, Borough Council of Calderdale, the Council of the Borough of Kirklees, Leeds City Council, City of Wakefield Metropolitan District Council.

3.5.9. There is a requirement that the original EP Plan is made with at least one EP Scheme, but it is then possible for a local transport authority to make further EP Schemes (or vary existing schemes) to implement further elements of the EP Plan.

3.5.10. The complementary content of the EP Plan and EP Schemes are set out below.

Table 7: Enhanced Partnership Plan and Scheme content

Enhanced Partnership Plan	Enhanced Partnership Scheme
● Reflects the full ambition of the BSIP and mirrors its content. ● Vision of improvements for bus services. ● Provides more detail on proposed BSIP interventions. ● Is applicable over the period until the plan is reviewed.	● Details specific interventions that will deliver elements of the EP Plan. ● May be made jointly with local highway authorities where highway interventions are to be made. ● Must be developed with operators and subject to an objection mechanism. ● Can include requirements relating to: ○ Facilities - new physical assets or changes to existing assets at specific locations ○ Measures - other measures which may increase the use of (including reducing a decline in) or quality of local services, e.g., service provision, fares etc.

Process to establish the Partnership

3.5.11. A number of statutory processes were completed prior to an EP coming into force in April 2022. These were:

- **Operator Objection Period (OOP)**: a statutory 28-day period where qualifying bus operators can make a formal objection in writing if they disagree with the content of the EP.
- **Consultation**: a statutory consultation on the content of the EP with specified stakeholders.

3.5.12. Prior to beginning the statutory consultation on the EP, a Notice of Intention to 'make' an EP Plan and Scheme was approved by the Combined Authority on 24th June 2021 and published.

3.5.13. Following the statutory consultation being completed and no substantial objections being received, the EP Plan and initial EP scheme were brought to the Combined Authority for approval.

3.5.14. Prior to April 2022, a Voluntary Partnership agreement existed which was then superseded by the Enhanced Partnership.

Contents of the Partnership

3.5.15. The objectives of the Enhanced Partnership Plan[10], reflecting those contained within the BSIP, for West Yorkshire are to:

- Establish bus as a key mode of choice for travel in West Yorkshire.
- Establish a financially sustainable bus service.
- Improve operational delivery to provide the passenger with a service they can feel confident in using.
- Improve connectivity for communities facing deprivation and inequality, and to improve inclusion.
- Ensure the bus service is integrated to deliver sustainable connectivity.

3.5.16. Within this context, a plan has been detailed for the West Yorkshire EP, focusing on the improvements that can feasibly be made annually up to 2027. The following table sets out the aspirations of the Enhanced Partnership Plan on an annual basis until 2027:

Table 8: Enhanced Partnership Scheme Interventions

Year	EP Scheme Interventions
2022/23	● Establishment of the Enhanced Partnership ● Introduction of the Passenger Charter ● Ongoing rollout of colour coded bus stops and timetables (Network Navigation) regionwide ● Completion of bus priority schemes delivered as part of Leeds Public Transport Investment Programme (LPTIP) ● Begin delivery of multi-operator contactless capping ● Reduction in the price of the MCard Day Saver (the 'daily cap') ● Time-limited barcode ticketing trial ● Begin Superbus pilots
2023/24	● Completion of all Transforming Cities Fund (TCF) bus priority schemes

[10] See Section 7 of the Strategic Case for further information

	● Roll out of more 'Your Next Bus' screens ● A more cohesively presented bus network including more Metro branding ● Rollout of more onboard audio-visual technology and other new accessible information ● Improvements to management of network disruptions ● Improved system for dealing with passenger queries and complaints ● Growth of the bus network – new routes and more frequent services ● Deployment of a new Access Bus Flee*t*
2024/25	● New and improved bus stops and stations – with better safety and accessibility support ● Complete delivery of contactless capping ● More FlexiBus DRT schemes ● Deployment of 120 new ZEBs (subject to outcome of ZEBRA bid)
2025/26	● Cheaper and simpler fare structure ● Ongoing delivery of bus priority schemes via CRSTS/BSIP ● More Park & Ride schemes ● Audio visual information on all buses
2026/27	● A reimagined, fully inclusive, and more cohesive bus network with more frequent services and better connectivity for all ● All buses EURO VI clean air zone compliant ● Completion of all bus priority schemes funded via the West Yorkshire plus Transport Fund

3.5.17. Agreed in April 2022, the EP has implemented a number of the initiatives identified in the above table in its first year, including the introduction of the Passenger Charter, completion of bus priority schemes delivered as part of LPTIP and reduction in the price of the MCard Day Saver. The planned initiatives during 2023/24 - 2026/27 form the basis of the existing EP and are aspirational in nature.

3.5.18. The following section considers this in the context of the Authority's Commercial Success Factors for the bus network.

3.6. Assessment against Commercial Success Factors

3.6.1. This section assesses the performance of the Reference Case option relative to the Combined Authority's Commercial Success Factors as described in Section 2.

3.6.2. It is important to stress that this is an evaluation of the 'as is' EP/RC option against the Commercial Success Factors. Therefore, the assessment only considers the enhancements described in 3.5.16 that have already been agreed and implemented. The assessment rates the EP/RC option against the Commercial Success Factors, whereby:

- **Green** means there is a high potential that the option allows for the delivery of the Commercial Success Factor;
- **Amber** means that, while the Commercial Success Factor could be met under the option, there are a number of challenges; and
- **Red** means that it is unlikely that the Commercial Success Factor will be met under the option.

Table 9: Assessment against Commercial Success Factors

Commercial Objective	Assessment	Rating
Transport Authority Influence	• Under the EP, all interventions in the commercial bus market will require negotiation with Operators • Negotiation can be time-consuming and thus delay implementation of commitments from improving the experience of bus passengers. • Some of the Combined Authority's strategic objectives can be reflected in requirements of operators but the scope of this is limited with little influence over sanctions. • The Combined Authority could cancel services through the Traffic Commissioner if requirements do not comply but this may cause disruption as a replacement Operator would have to be found. • Therefore, there are limits on the Combined Authority's effective powers to enforce the delivery of strategic objectives.	
Best Value	• Operators are free to stop running services where they are no longer commercially viable, which may lead to increased demand for the Combined Authority to secure supported	

	services in their place. • As a result, supported services may be let on a reactive basis where operators stop running or reduce services, with little opportunity for the Combined Authority to plan in a strategic or coordinated manner. • This reduces the Combined Authority's ability to shape a pipeline of opportunities and prepare the market to get best value for money. • In addition, the financial cost of many interventions (including investment in Zero Emission Fleet, Mayor's Fares) is met in whole or in part by the public sector. Whilst operators may take some commercial risk on these interventions, there is a risk of "value leakage" as they will only accept interventions where they are comfortable that their risk can be managed, which could be concluded as a limitation on best value to the Authority who retain any residual risks including costs.	
Driver of competition	• Theoretically operators compete commercially for passengers on an "on street" basis, based on the quality of service and fares charged. • However, on street competition is currently limited: the three large incumbent Operators hold more than 85% market share, and there are few examples of competition on specific corridors. • Barriers to entry for new Operators of commercial services exist due to the need to invest in depot capacity and compete with existing single operator ticketing products, with the associated risks.	
Risk allocation	• Operators are free to stop running services when they are no longer commercially viable. When this occurs, the Combined Authority will consider reinstating these as supported services, and this could mean that other supported services cannot be funded. • This results in the Combined Authority effectively holding a degree of revenue risk. The degree to which the public sector effectively bears revenue risk due to their statutory duty to consider which services should be operated where not provided commercially, has been highlighted by the c.25-50% increase in supported services costs relative to 2019/20 during and after the Covid-19 pandemic. • Therefore, while it appears that risks are managed and borne by the private sector, when revenue declines or network / market disruption occurs, the public sector has an effective risk allocation if it considers that a service should be provided.	
Ease of Implementation	• The scope that the EP Schemes currently cover is limited compared to what an EP and associated partnership arrangements could in theory achieve.	

	• The process for agreeing changes to the EP will be subject to operator negotiation and agreement in accordance with the variation processes under the EP Schemes. • As a result, this has been scored green on the basis that it is already in place and no action is required to implement.	

3.7. Conclusion

3.7.1. The Combined Authority's overall assessment of the EP/RC is as follows.

Enhanced Partnership creates a forum for collaboration between the Combined Authority and Operators

3.7.2. The Partnership creates a forum for the Combined Authority and participating bus Operators to discuss and address issues that are of strategic significance to each party. This builds on the collaboration seen through Bus18 and the West Yorkshire Bus Alliance[11].

3.7.3. It ensures that Operators are aware of the Combined Authority's strategic objectives and are engaged in delivering them, including managing periods of disruption and adverse impacts such as the Covid-19 pandemic.

Implementing changes is not within the Combined Authority's sole control and there is little contractualisation of operator performance

3.7.4. The statutory EP process can involve a time-consuming process to get commitments agreed and thus delay improving the experience of bus passengers.

3.7.5. The Partnership provides the Combined Authority with only limited options to hold Operators to account if its objectives are not achieved, and the threat of de-registration of services for non-compliance, whilst real, does not necessarily help the Combined Authority or the Partnership achieve their objectives.

[11] See Section 7.2 of the Strategic Case for further details on West Yorkshire Bus Alliance

Interventions carried out via the EP lack alignment between investment costs and benefits

3.7.6. A number of the significant interventions carried out through the EP (such as bus priority) can involve substantial investment by the public sector but where some benefits accrue to operators.

3.7.7. However, there is often a challenge in identifying benefits accruing to Operators and achieving a reasonable contribution from them.

EP may inhibit competition and entrench competitive advantages, and risk may not be effectively passed to private Operators

3.7.8. The current West Yorkshire bus market is one in which three large commercial Operators (First, Arriva and Transdev) account for over c.85% of bus passenger journeys.

3.7.9. There are barriers to entry (such as depot provision), which hinder both new Operators entering the market and smaller existing Operators from growing market share.

3.7.10. While the deregulated market appears to transfer risk to the private sector, Operators are free to stop running services when they are no longer commercially viable (meaning that operational risk may be transferred but not market risk).

3.7.11. The degree to which the Combined Authority has an effective responsibility to provide services has been highlighted by the increase in supported services expenditure relative to pre-pandemic levels, as Operators cease to run services in reduced demand scenarios.

3.7.12. In conclusion, while the EP presents positive steps towards partnership working and has already demonstrated that it can be implemented, it underperforms against a number of the Combined Authority's Commercial Success Factors, particularly in relation to competition, best value, and risk allocation.

4. Commercial Assessment of the Enhanced Partnership Plus (EP+) Scheme

4.1. Introduction

4.1.1. Section 5.5 of the West Yorkshire Enhanced Partnership Plan sets out the aspirations for the EP and how it can develop over future years. Many of the initiatives within these aspirations involve joint investment or investment by the Combined Authority.

4.1.2. For the purposes of the Assessment, we have defined a version of an enhanced partnership, the Enhanced Partnership Plus (EP+). This draws on the description of potential improvements to the current EP Reference Case that are summarised in section 9.5.4 of the Strategic Case and has been tested through market engagement (see Aggregated Market Engagement Document at Appendix 3.4).

4.1.3. It has also been informed by the EP+ proposal provided by West Yorkshire Bus Operators in response to the Bus Reform assessment (see Appendix 1.3).

4.1.4. However, it is important to stress that the version of the EP+ described here assumes no more investment from the Combined Authority than under the EP Reference Case.

4.1.5. Therefore, while Section 9.5 of the Strategic Case applies to the EP+, there is no additional spend on either bus priority or green vehicles, compared with the EP Reference Case.

4.1.6. It is possible that under the EP+ arrangement the Combined Authority can collaborate further with operators on bus priority and the allocation of green vehicles, through the bus priority Oversight Group and Green Team Taskforce proposed by operators, but no benefits have been assumed for either of these above what is assumed for the Reference case.

4.1.7. It is also important to stress that the general commercial issues regarding EP+ are similar to those of the reference case as they are both Enhanced Partnerships with commercial services not subject to regulation. Therefore

we have focused on the challenges of the specific assumed outcome for EP+ defined in the section.

4.1.8. The following sub-sections set out:

- **Defining EP+ for Assessment –** describing out the core differences between the existing EP (reference case) and EP+ for purposes of assessment
- **Key commercial issues impacting EP+ –** describing the impact of EP+ from a commercial case perspective
- **Summary against Commercial Success Factors** - provides a summary of the EP+ relative to the Commercial Success Factors.

4.2. Defining an EP+ for Assessment

4.2.1. The EP+ for assessment have has been defined in part through market engagement with existing commercial operators – including large, as well as small to medium sized operators - and a proposal provided by West Yorkshire Bus Operators (WYO), setting out what they believe could be achieved above and beyond the existing Enhanced Partnership / Reference Case (see Appendix 1.3).

4.2.2. Letters of support for this proposal were received by:

- Arriva Yorkshire
- First West Yorkshire
- Transdev
- TLC Travel
- Connexion Buses
- Stotts
- Confederation of Passenger Transport / Association of Bus Operators West Yorkshire (ABOWY)
- A joint letter on behalf of Globe, Ross Travel, Squarepeg Buses, Station Coaches, Waterson's and Dale and Bowland CIC

4.2.3. These letters of support provide a level of confidence that the existing bus operator market could deliver the EP+ as assessed, however, some of these interventions would be subject to further development of the required details

- including funding – and final agreement with operators via an updated EP Plan and Scheme(s).

4.2.4. Section 9.5 of the Strategic Case sets out in further detail the process for defining the EP+ for assessment, interventions that would be undertaken and funding requirements.

4.2.5. From a commercial perspective, the core differences between the existing EP/RC and the EP+ are the changes in the list of aspirational initiatives that affect bus network design that are set out in section 9.5 of the Strategic Case.

4.2.6. Some changes in network may require additional funding from the Combined Authority – and so are not included in the assessment - but it is possible under an EP arrangement to improve the bus network without incurring additional costs for the public sector.

4.2.7. For example, currently an operator may not be willing to divert a route to provide extra journey opportunities because the increase in journey time might mean that other operators offer a quicker service and take away revenue.

4.2.8. Under EP+, operators could potentially gain protection from competitors who wish to provide competing services that do not achieve the required service standards and stopping points. The service standards could be negotiated to include additional calling points (which benefit passengers) as well as other requirements. This could potentially rationalise the network, reduce the need for additional supported services, and thereby make more of the supported services budget available for new services.

4.2.9. In particular, it would be possible for the Combined Authority to specify route requirements, specifying frequencies and timings for routes, which had to be complied with by the operators, and if set correctly, this could also encourage operators on any shared corridors to rationalise and align their services within those requirements, using Qualifying Agreements (QAs) to agree shared frequencies and timings of service. Any operators wishing to operate on corridors with route requirements would have to meet the standards specified in the EP+, which may require agreement with incumbent operators to ensure that, together, they meet the requirements of the EP+.

4.2.10. Where such route requirements are included in an EP, a failure by the operators to meet those standards would also allow the Combined Authority to instead let exclusive services that meet those standards under a “slot allocation contract”. This would therefore both provide a strong incentive for incumbent operators to ensure that those standards were continuously met, and provide the Combined Authority with greater certainty that services would be delivered on these corridors to the high, specified, standards.

4.2.11. Where an EP did specify route requirements, and slot allocation contracts were let, then the same deemed TUPE provisions apply to any staff who are principally connected to those services as applies to staff who are principally connected to routes under a local service under a franchise scheme. In the event that failure to comply with route requirements does lead to a slot allocation contract being procured, this will mitigate the adverse impact on any incumbent operator who fails to win the slot allocation contract, on a similar basis to loss of a route under a franchised scheme.

4.2.12. The EP+ as assessed also includes delivery of new fares and ticketing interventions beyond the reference case, such as replacement / streamlining of tickets to offer a simple WYO ticket range. While some of these are additional to those already planned under the existing EP and go some way to addressing the related challenges set out under Section 6 of the Strategic Case, they would largely be delivered via existing commercial structures in place for providing multi-operator fares and tickets under the West Yorkshire Ticketing Company.

4.2.13. Additional interventions relating to customer service and information interventions would also be delivered under EP+ beyond the reference case, such as a unified brand for West Yorkshire buses and streamlined customer contact processes. However, as with fares and ticketing these would not constitute a fundamentally different commercial model.

4.2.14. Furthermore, as stated in the introduction to this section, it is possible that under an EP+ arrangement the Combined Authority can collaborate further with operators on bus priority and the allocation of green vehicles - and this has been expanded on within the Strategic Case. However, within the methodology of this assessment, no additional spend on either bus priority or green vehicles compared with the reference case has been assumed and

therefore no additional benefits have been assumed for either of these above what is assumed for the reference case.

4.3. Impact of EP+ on Commercial Case

4.3.1. The economic forecasting model works by optimising the network that can be provided through negotiating the route network with providers for the EP+.

4.3.2. WYO have proposed a Network Management Group working across commercial operators and Combined Authority officers to determine network changes and to meet customer needs, which could be the practical mechanism to agree any future optimisation.

4.3.3. However, in terms of the commercial structure, there is no major difference between the EP and the EP+ as in both cases, revenue risk primarily sits with the Operators. There is a significant assumption that underlies the forecasts for EP+, that the Operators will be willing to accept significant remodeling of the network, whether agreed through the proposed Network management Group or otherwise. While in some cases it is likely to be clearly in Operators' interests to do this, they may not be willing to accept all of the changes desired by the Combined Authority.

4.3.4. This highlights one of the biggest risks with the EP+ - the Combined Authority can only make changes if sufficient operators agree, either under the change provisions of the EP itself or under the statutory objection process that applies to statutory changes to an EP scheme.

4.3.5. Where a change to the EP is implemented, it also remains open to operators to choose whether to continue with a service and comply with the revised requirements or withdraw their service. In the latter case, this would then mean that the Combined Authority would need to consider whether to procure a replacement operator to provide that service, or lose the service. This risk therefore can give a group of operators (either a few larger operators, or a group of smaller operators who together could breach the statutory objection limits) significant leverage in the negotiation of changes to EP scheme requirements. An operator who chose to ignore an implemented change would be subject to the loss of registration of the non-compliant service, potentially leading to loss of multiple services if persistent non-

compliance was identified, which would cause significant problems for the Combined Authority.

4.3.6. If route requirements are implemented, then failure of an operator to run to the specified standards would allow the Combined Authority to retender the whole of the route (not just the element that was not provided commercially) which may provide greater efficiency in procurement, but there is also a risk that this will make it more difficult to agree such requirements with sufficient operators to implement through the EP in the first case.

4.3.7. Therefore, commercially, all of the risks that apply to EP also apply to EP+ but with additional risks related to negotiating and enforcing network changes seen through the introduction of additional policy levers.

4.4. Assessment against Commercial Success Factors

4.4.1. This section assesses the performance of the EP+ option relative to the Combined Authority's Commercial Success Factors as described in Section 2.

4.4.2. This analysis is for the EP+ as envisaged under the Economic and Financial Cases of this assessment. Therefore, it assumes no more investment from the Combined Authority than under the EP/RC but does assume that operators agree to implement significant network changes and accept additional levels of integrated ticketing.

4.4.3. The analysis rates the performance of the EP+ option against the Commercial Success Factors, whereby:

- **Green** means there is a high potential that the option allows for the delivery of the Commercial Success Factor.
- **Amber** means that, while the Commercial Success Factor could be met under the option, there are several challenges: and
- **Red** means that it is unlikely that the Commercial Success Factor will be met under the option.

Table 10: Assessment against Commercial Success Factors

Commercial Objective	Assessment	Rating
Transport Authority Influence	• For new initiatives, all interventions in the commercial bus market require negotiation with Operators • This statutory requirement can mean a time-consuming process to get commitments agreed and thus delay these commitments from improving the experience of bus passengers. • In terms of performance of obligations under the EP, it is possible that the Combined Authority could negotiate an arrangement that imposed performance requirements on operators (subject to the operators' agreement). However, the only true sanction that the Combined Authority would have if operators failed to comply with the EP's requirements would be to cancel the registration of their services. This is likely to be more disruptive for the Combined Authority, who would have to find a replacement operator, than the EP option. • Therefore, the Partnership provides the Combined Authority with limited effective powers to enforce delivery of strategic objectives.	
Best Value	• Under the EP+ the proposed changes to the network will need to be negotiated with operators. WYO have suggested a Network Management Group and expressed support for a process to agree network changes with the Combined Authority. This would be supported with proactive data sharing to provide more transparency about network decisions. However, it would not remove the requirement for negotiation. • Operators will still be free to stop running services, in which case the Combined Authority may need to source a replacement operator, either in the commercial market (if an operator comes forward) or via a supported service. • Therefore, the Combined Authority will continue to face a situation where it may need to intervene to provide services.	
Driver of competition	• Under any EP operators will continue to compete commercially for passengers on an "on street" basis. As pointed out in the reference case Table 9, existing on street competition in West Yorkshire is limited. • For the EP+ envisaged, it is possible that, in order to	

	agree the network changes, there will need to be restrictions on the frequency of services to rationalise the network. These route requirements may limit competition on specific routes by requiring operators to provide a consistent service frequency, rather than competing directly with each other for passengers, and therefore may reduce competition on those routes, in return for improved passenger benefits. Where operators cannot agree how to meet a route requirement together, then the Combined Authority will be entitled to let a slot allocation contract for services on that route, with operators competing to provide services under that contract on an exclusive basis. • Therefore, EP+ could further reduce the level of on route competition between operators where they were able to meet the required standards, but would then expressly require a competition for those routes where the private sector operators failed to deliver the required route requirements, and therefore a slot allocation contract was required to be let.	
Risk allocation	• Operators are free to stop running services when they are no longer commercially viable. When this occurs, the Combined Authority will consider reinstating these as supported services, and this could mean that other supported services cannot be funded. • Therefore, the Combined Authority will continue to effectively hold a degree of revenue risk.	
Ease of Implementation	• The network changes that underpin the benefits of EP+ can only be achieved by negotiation. Operators have committed to delivery of the benefits from adopting a new network, through a commitment to a Network Management Group and a process for agreeing network changes with the Combined Authority. They have also agreed to support these processes with proactive data sharing to provide more transparency about network decisions. In turn they will expect to benefit from the protections that can be achieved under an EP. Whilst these commitments and this approach provide some comfort that operators will support delivery of the EP+, the detailed mechanisms required to implement this will still need agreement on a consistent basis across the operator community. In particular there remains a material risk that operators may not agree to process that allow for more ambitious rationalisation of the network because whilst route requirements may provide them with material protection from lower quality competition, if the route requirements are breached, then the Combined Authority would have the right to tender a contract for the services on that	

	route, to the exclusion of the existing operator.	

4.5 Conclusion

4.5.1 EP+ provides a range of potential enhancements to the existing EP (RC) that could support the Combined Authority in meeting its commercial success factors:

- Implementation of service standards to, for example, specify specific routing requirements or calling points could enhance Transport Authority Influence over the network;
- Risk is be retained by commercial operators, which could be viewed as allocating risk to the parties best placed to manage. However, given the Combined Authorities statutory obligation to provide a minimum level of service, the Combined Authority will continue to carry residual risk;
- EP+ may support ease of implementation on the basis that there are no significant cost or resource pressures on implementation (besides those interventions subject to future public funding), on the assumption that operators agree to proposals in a streamlined and timely manner.

4.5.2 WYO have provided an EP+ proposal and letters of support which provide a level of confidence in the market to deliver the EP+ as assessed. However, any EP+ is aspirational in nature and still subject to agreement with Operators that may not be commercially incentivised to sign up or to sustain over time:

- Any change or additional enhancement is subject to Operator agreement and therefore may not be achievable easily, particularly where they are seen to adversely affect the commercial returns to operators;
- EP+ is unlikely to increase competition. It may entrench the existing competitive landscape by providing protections to specific operators;
- It may adversely impact best value, on the basis that it may not provide more ability than EP / RC for the Authority to plan supported services which may continue to be let on a reactive basis.

5. Commercial Assessment and proposed model for Franchising

5.1. Introduction

5.1.1. This section outlines the Combined Authority's proposed commercial arrangements for a franchise model for bus services in West Yorkshire, which has been developed to address the requirements of the Franchising Guidance and aligns with the principles of the Green Book Guidance.

5.1.2. The model has been informed by existing bus franchise model examples such as the model used by Transport for London (TfL), various international examples, as well as the proposals put forward by the Greater Manchester Combined Authority (GMCA) in their assessment for franchising which is now being implemented in Greater Manchester. This section includes:

- A description of the key components of the proposed franchise scheme as required by the Franchising Guidance, including:
  - a summary of the scope, size, and length of franchise contracts, including details of the proposed route packaging strategy.
  - the proposed contractual arrangements and mechanisms for the franchise model, including risk allocation and responsibilities, the performance incentive regime and the contractual arrangements for fleet and depots.
  - an outline of the proposed phasing and implementation of a franchise scheme, including the intended speed of roll out for franchise contracts and steps required to implement franchising in West Yorkshire.
  - a summary of how the involvement of small and medium sized operators (SMOs) will be facilitated.
  - an overview of competition considerations, including the measures which will be taken to ensure strong competition under a franchising scheme.

- a summary of transitional arrangements during the introduction of franchising, including how services will be protected.
- an overview of how cross boundary services will be facilitated under franchising.
- a summary of the proposed procurement strategy and arrangements for franchising; and
- consideration of Pensions /pensions and TUPE arrangements under a franchising model;

- An assessment of the proposed franchising scheme relative to the Combined Authority's Commercial Success Factors.

5.1.3. The Combined Authority recognises that some further elements of the commercial model for franchising will benefit from further refinement. The Combined Authority has undertaken an initial market engagement and the results of this are set out in the Aggregated Market Engagement Document (Appendix 3.4).

5.1.4. The feedback is broadly consistent with the positions being set out for the commercial model in this assessment. If the franchising option is pursued, the Combined Authority will undertake such further refinement, including consultation and market engagement.

5.2. Scope, Size, and length of franchise contracts

5.2.1. The following sections outline the proposed scope of franchise contracts, including the approach to packaging services for franchising into "Zones" and "Lots", and the size and the proposed length of each franchise contract.

Geographical Scope for Franchise contracts

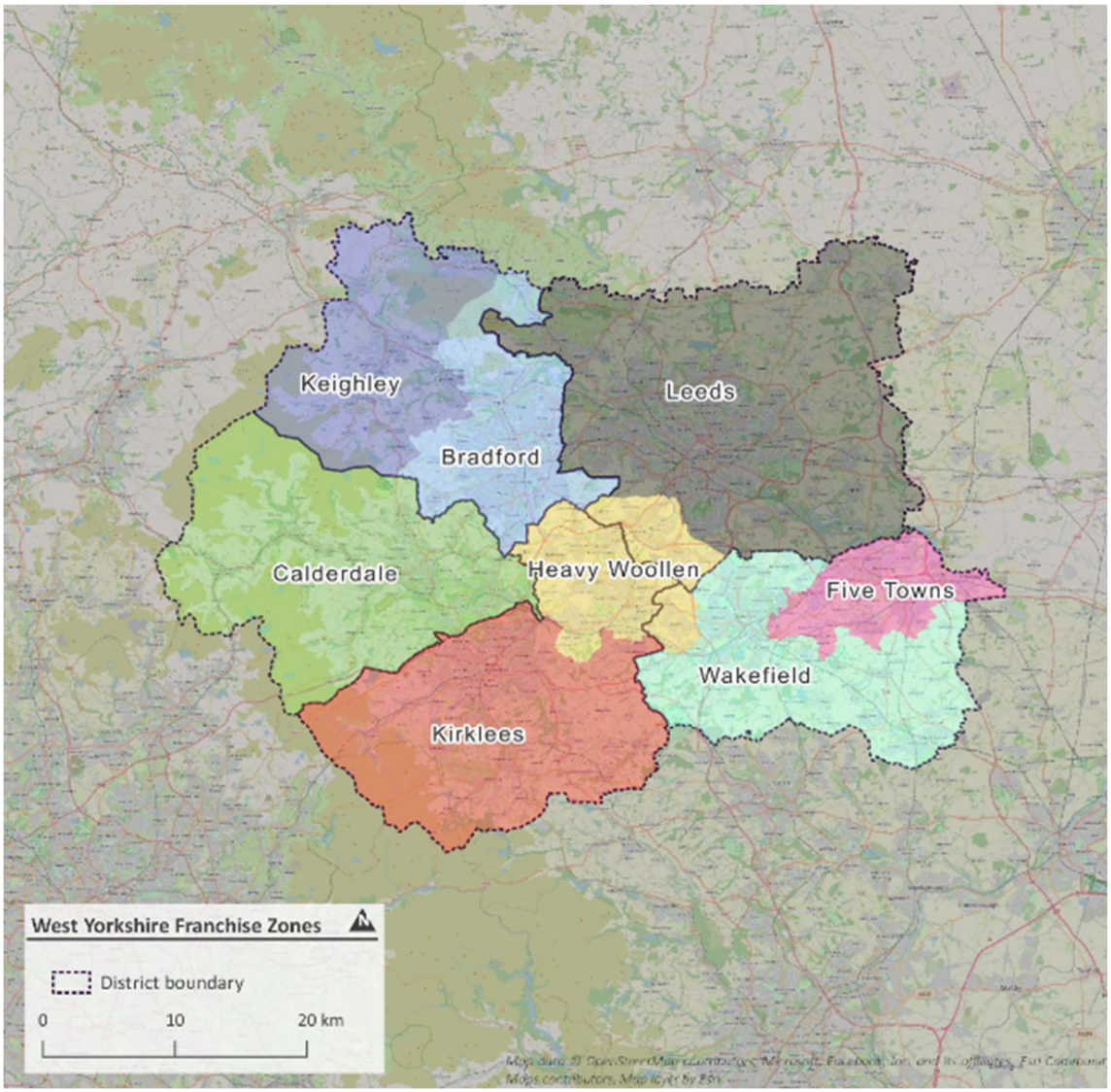
5.2.2. The Combined Authority has developed a lotting strategy (Appendix 3.1) for franchising, which:

- Divides up the network to provide a pipeline of regular bidding opportunities to the operator market and hence encourage competition among operators;

- Provides individual lots of sufficient scale to attract bids from larger operators, sized on the basis of a single depot; and
- Provides lots that give smaller operators the opportunity to participate and grow and encourage new Small & Medium sized Operators (SMO) entrants.

5.2.3. The Combined Authority has undertaken a process to identify eight geographical areas into which it intends to split the network based on major bus destinations and the existing bus network. This is set out in further detail in the approach to Lotting (see Appendix 3.1)

Figure 3: Map of West Yorkshire – Franchise Schemes



Lotting Strategy

5.2.4. Following the identification of the eight areas, bus routes were allocated to each area.

5.2.5. Due to the size and extent of bus services in Leeds, this area was split into three. 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). Therefore, these are less geographically separate than the other zones.

5.2.6. For the other zones, routes were allocated to the zone through which the majority (by distance) of the route runs.

5.2.7. Operators have provided PVR data for their services (PVR is the maximum number of vehicles needed to operate any given service). These have been used to determine the total PVR and number of allocated services for each zone - as set out below:

Table 11: PVR requirement for each Zone

Zone	PVR
Leeds 1	70
Leeds 2	91
Leeds 3	103
Bradford	171
Calderdale	67
Five Towns	49
Heavy Woollen	89
Keighley	101
Kirklees	75
Wakefield	77
Total	893

5.2.8. Within each zone services will be split into lots. This section sets out the principles behind the sizing of lots. Within each zone, there will be three categories of lots: A, B & C:

- A Lots – a single large lot, within each zone, located around a strategically located depot. These are expected to provide opportunities for large operators.
- B & C Lots – there will be numerous smaller lots, aimed at promoting competition within the market, including creating opportunities for SMOs to enter the market and/or grow.

Table 12: Lot Categories

Category	Description	Indicative Peak Vehicle Requirement Range
A	Large number of services grouped together, requiring large depot per Lot	45 - 100
B	Low frequency services; aimed at SMOs	1 - 45
C	Single (am & pm paired) school contracts; aimed at SMOs	1

School Services

5.2.9. The Combined Authority currently provides a range of school services throughout West Yorkshire. The following section highlights how the provision of school services could be managed under a franchising scheme.

5.2.10. In developing the assessment the Combined Authority have considered whether

- These school services should form part of the franchising arrangements; and

- If so, whether they should be bundled with the A Lot franchise contracts

5.2.11. School services are funded differently from other supported services, and it is assumed that they will continue to be funded based on need rather than affordability within a budget.

5.2.12. During market engagement it was tested with operators about the inclusion of schools services within the franchised scheme, and there was support for this as an approach.

5.2.13. In terms of how schools services could be bundled, there are arguments for both separating them from and bundling them with the A lot franchise contract - as described in further detail in the approach to Lotting (see Appendix 3.1).

5.2.14. The Combined Authority's agreed position is that:

- Where school services are currently provided by smaller operators, these should continue to be let separately from the larger contracts (but still under the umbrella of franchising).
- Some of the services could be consolidated into larger lots (i.e., from C lots to B lots) to provide opportunities for SMEs to grow.
- Where there are large numbers of services currently provided by larger operators, the majority of these would stay with the A Lot franchise contract, but
- Some services would be removed and let in smaller lots to create more opportunities for SMEs; and
- This approach will broadly reflect the current spread of schools services across large and small operator depots and is expected to help ensure that there is sufficient depot capacity to accommodate all school services.

5.2.15. Therefore the A Lot franchise contracts for Bradford and Keighley, where a number of services are currently operated by larger operators, would include schools services, but elsewhere they would be separately contracted.

Ordering of rounds

5.2.16. In determining the order of Rounds (groups of zones) to be procured and implemented under Franchising, the following steps have been taken:

- The PVRs for each round, excluding school and cross boundary services, were analysed.
- Operator and patronage spread over each zone was estimated.
- A measure of "commerciality" (pax/PVR) was calculated to establish the most commercial zones.

5.2.17. Based on these steps, the following principles were applied to appraise the ordering of rounds[12]:

- A three round approach was adopted - (i.e., procuring 3-4 zones in parallel, a "round").
- Heavy Woollen was included within the first round, due to its central West Yorkshire location and multi-district (Kirklees/Leeds/Wakefield) impact.
- One "above West Yorkshire average" commerciality zone was included within each round, allowing a balancing of the commercial impact – that is aiming for neither the Combined Authority nor operators to be left with the best/worst commercial performers in any one round.
- Grouping geographically located zones was considered across West Yorkshire, aiming to reduce unintended impacts on bus services which cross between these zones and supporting clearer messaging around the introduction of franchising.
- Passenger demand was broadly balanced across the rounds, allowing a demonstration of steady progress over the transition period.

5.2.18. A preferred option was selected on the basis that it aligned most closely to the approach principles set out above and therefore:

- remains close to average West Yorkshire commerciality across the rounds, based on a broad pax/PVR measure;
- has a reasonably even balance of passengers per round; and

[12] The resourcing considerations of the following approach are set out in the management case

- allows somewhat more time for arrangements to be made for sourcing depots for the two Leeds lots (1 and 2) currently operated out of the Hunslet depot.

5.2.19. **The preferred option orders the rounds of procurements as follows:**

- Round 1 - Heavy Woollen, Kirklees, Leeds 3
- Round 2 - Five Towns, Leeds 1, Wakefield
- Round 3 - Bradford, Calderdale, Keighley, Leeds 2

5.2.20. The Combined Authority will review this ordering of rounds, using the principles set out above before commencing procurement of the franchises.

5.2.21. A detailed analysis of the above is set out at Appendix 3.1.

Contract Length

5.2.22. The Combined Authority can exercise a degree of flexibility regarding the length of franchise contracts. The applicable domestic EU legislation[13]) restricts contracts for bus services to a maximum length of 10 years.

5.2.23. Other franchises (specifically TfL bus contracts) have contracts that can be extended for good performance. The Combined Authority has considered the option of having performance-based extensions to fixed term franchises (which is included in TfL's bus contracts) but intends to not link franchise duration to performance. The initial planned contract periods would be set to help simplify the phasing of future franchising opportunities, but contracts could include optional extensions to deal with unanticipated circumstances.

5.2.24. The Combined Authority's proposed approach is to have fixed 7-year contracts for Category A Lots. This contract period has been selected on the basis of it being approximately half the expected life of a bus. This period would balance the risk to Operators of having to price for a long period while reducing the number of times that fleet would need to be passed from one operator to another.

[13] Article 4(3) of Regulation (EC) Public Service Obligations in Transport No 1370/2007 as transposed into UK law

5.2.25. For some of the initial Lots, shorter contracts will be offered to regulate the flow of contracts coming to the market after the initial period of franchising is complete.

5.2.26. Contract lengths for B and C categories will be determined on a contract-by-contract basis, and may be shorter in length (e.g. 3-5 years) to facilitate opportunities for new and existing SMOs by for example, reducing potential risk of being locked into longer length contracts and providing more flexibility.

Service Permits

5.2.27. If the Combined Authority introduces a franchising scheme across all of West Yorkshire, a service permit regime would also need to be implemented, to allow services which will not be (or are not yet) franchised services to continue to operate. Service permits would be required for:

- cross-boundary services
- services due to be franchised but still running as deregulated services during the transition period and which have not been exempted from the scheme for that period; and
- any other services which are identified by operators which do not adversely affect the franchised services, and which are not wholly exempted from the scheme.

5.2.28. The service permit regime 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 identifies as appropriate), to set different conditions for different types of bus service.

5.2.29. Some initial discussions have taken place with neighbouring Local Transport Authorities, particularly on the issue of cross-boundary services, and the issue was also raised by operators as part of market engagement undertaken. Key feedback included the need to consider the market and servicing impact in neighbouring authorities of introducing the regime.

5.2.30. One of the purposes of the permitting regime would be to preserve the benefits for users of the EP, which would terminate on the introduction of the first franchise agreement. If the Combined Authority were to decide to

implement franchising, a consultation on the scope and nature of permitting would need to be carried out.

5.3. Key franchise contractual arrangements and mechanisms

5.3.1. The Combined Authority has considered the proposed contractual arrangements for franchising. The key elements of the proposed approach are set out below including the proposed risk allocation and responsibilities, the scope of the performance incentive regime, and arrangements for fleet and depots.

Risk Allocation and Responsibilities

5.3.2. Under a franchise model the allocation of risks and responsibilities between the public and private sectors will change significantly from current arrangements.

5.3.3. The following table presents a high-level summary of the risks and responsibilities between the public and private sectors under a franchising model, with the paragraphs that follow setting out further detail for each.

Table 13: Summary of risks and responsibilities

Risk	Status Quo	Franchising
Revenue Risk	Private Sector	**Public Sector**
Revenue Protection Management	Private Sector	**Public Sector**
Service specifications and branding	Private Sector	**Public Sector**
Operating Cost Risk	Private Sector	Private Sector
Employment of bus and network management staff	Private Sector	Private Sector
Timetabling	Private Sector	**Public Sector**
Customer Service	Private Sector	**Public Sector**
Fleet Provision	Private Sector	**Public Sector**

Depot Provision	Private Sector	**Public Sector**

Revenue Risk

5.3.4. Under Franchising the Combined Authority will assume revenue risk.

5.3.5. The Combined Authority will receive all passenger fare revenue and implement a common fares and ticketing policy across all franchised services.

5.3.6. Operators will still have responsibility to collect bus revenue, and other third parties will still retail tickets.

5.3.7. The Combined Authority will be at risk for decreases in revenue (for example due to falls in patronage) and will therefore be required to fund any resulting shortfalls. The Combined Authority will build on its existing capability in the Bus Network team responsible for managing revenue on tendered services, including through the addition of 19 FTE. Further detail is provided in the management case. In order to test the potential impact of changes to revenue under Franchising, sensitivity analysis in relation to potential reductions in revenue have been carried out in the Financial Case.

5.3.8. The Combined Authority will pay Operators to run services to a given frequency, specification, and quality.

5.3.9. Some existing tendered contracts for supported services operating in West Yorkshire are already run on this basis, with the Combined Authority receiving fare revenue for these services and making a payment to Operators to run the required services.

5.3.10. Revenue risk will continue to be taken by the private sector on:

- cross-boundary services which operate pursuant to a service permit following the introduction of franchising; and
- other non-franchised services running within West Yorkshire either during the period of transition to franchising or at a later date, which are operating pursuant to a service permit.

5.3.11. For these services, the Combined Authority, may specify terms in respect of the fares charged in West Yorkshire through the permitting arrangements.

Revenue Protection Management

5.3.12. Under Franchising, the responsibility for revenue protection management will

move from the private sector to the Combined Authority. The management case sets out the resources which the Authority will put in place to manage revenue under Franchising. However, a first line of defence will remain with the private sector, who will be incentivised as part of their franchise agreements to carry out responsibilities to support a high level of revenue protection such as compliance checking, and which will be monitored and enforced through the KPIs and associated performance mechanisms.

Service Specification and branding

5.3.13. Under Franchising, the Combined Authority would have direct control over the specification and branding of buses and related infrastructure/ticketing systems. In developing the fleet strategy it is assumed that all new vehicles purchased should be ZEBs, however, this is an assumption for comparing regulatory options and a further detailed business case will be developed in relation to future fleet acquisition which assess options around vehicle quality requirements. Please see figure 4 on in the implementation plan.

5.3.14. Franchising would enable the Combined Authority, to standardise via franchising contracts the vehicle quality requirements, external branding, and identity for bus services, to support a consistent user experience across all local public transport services.

Operating Cost Risk

5.3.15. Bus services will be run by Operators to specifications set by the Combined Authority, under the franchise agreement.

5.3.16. The amounts paid to Operators to run a franchise will be set through competition. The price will be bid by Operators and should cover the bidder's underlying costs, together with their profit requirement. For the purposes of this assessment the Combined Authority, has assumed a fixed percentage profit margin to the forecast costs of franchises (which has been based on market intelligence for other gross-cost franchises), as set out in Section 4.7.6 of the Financial Case.

5.3.17. Franchise payments will be subject to indexation. Other than this, and the usual risk share mechanisms under service contracts on matters such as change in law, the assumption is that Operators will generally be at risk for other increases in operating costs.

5.3.18. Since Operators will be contractually bound to provide services once they have entered into the franchise agreement, they will not have the flexibility to drop services which are no longer commercially viable (and they will have less incentive to do so as revenue risk will be held by the Combined Authority,). It will be the Combined Authority's decision what to do with a service where revenues are not covering costs.

5.3.19. Franchise agreements will be re-let with full competition at the end of each franchise period. Therefore, the Combined Authority will be exposed to potential increases in the costs of franchises where underlying costs or the market's perception of risks or requirement for profits have increased, however re-tenders will also provide the Combined Authority with the ability to make any necessary changes to its contractual requirements. Change provisions in contracts will be worked up as part of detailed contract design following any decision to implement Franchising.

Employment of bus staff

5.3.20. All bus drivers, maintenance and associated administrative staff associated with delivering bus services under franchise agreements will be employed by or on behalf of individual Operators. Many of these staff may wish to TUPE-transfer from existing Operators, and a further transfer will occur every time a franchise changes hands.

5.3.21. Unlike the current bus arrangements, the Combined Authority will be required to undertake new functions under Franchising, including revenue management, management of ticketing/fare policies, timetabling, providing arrival/departure data and central support functions (e.g. customer services). The provision of these activities is described more fully in the Management Case.

Timetabling of routes

5.3.22. Whereas currently Operators manage the timetabling of routes, under Franchising 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. The Combined Authority would

also be able to include change provisions within the agreements to manage variations to timetables during the term of each agreement.

Customer Services

5.3.23. Under a franchising model, the Combined Authority would operate all central customer service and support functions, as set out in detail in the Management Case of the Assessment. Passengers' day-to-day interaction with the bus network would be with Operators' bus staff (e.g., drivers) who would be responsible for maintaining the quality of service and customer interaction. The Operator's performance would be incentivised and measured through a contractual performance regime.

Performance regime

5.3.24. Within each franchise contract the Combined Authority would incorporate a performance regime which would give Operators a commercial incentive for providing consistently high standards of performance.

5.3.25. The performance regime would be calibrated to reflect the specific performance requirements of different contracts. The Combined Authority envisages that the regime would cover areas of performance relevant to each contract. These may include (among other areas) the following:

(a) **Core KPIs -** e.g., early/late running services.

(b) **Specification measures** - e.g., availability of CCTV on vehicles, destinations clearly displayed.

(c) **Bus Standards** - e.g., cleanliness, availability of services.

(d) **Passenger satisfaction** - e.g., number and nature of complaints received.

(e) **Driver performance** - e.g., uniform compliance, behaviour.

(f) **Fares, revenue, and monitoring** - e.g., accuracy of returns/data, ETM issues.

5.3.26. Detailed design of the performance regime will be developed by the Authority as part of contract design, following any decision to implement Franchising.

Approach to depots for franchising[14]

5.3.27. Depots are an illiquid and fixed asset which, unlike fleet, cannot be moved or developed easily. Lack of access to depot facilities could mean that operators are unable to enter or compete in the market. Franchising moves competition from competition in the market, to competition for the market. Therefore, to achieve the Commercial Success Factors, in driving competition between bus operators it is likely that the Combined Authority will need to intervene to ensure that both incumbent and new entrants are able to bid effectively for franchise contracts. This will not be possible for larger contracts if operators do not have access to depots.

5.3.28. Access to depot facilities is therefore likely to be key to increasing competition between operators tendering for franchise contracts. This is a particular issue for Lot A contracts where incumbent operators are likely to be, in many cases, the only operator with access to a suitably sized depot to deliver the services.

5.3.29. The Combined Authority has indicated that it would be willing to play a more interventionist role in ownership and management of bus related assets than it has in the past, including depot provision, where, to stimulate the desired competition the Combined Authority could provide a publicly owned/leased depot to be used by whichever operator was successful in tendering for a franchise contract, for its term. This approach was tested as part of the initial market engagement (see Aggregated Market Engagement supporting paper – Appendix 3.4) and although there were a number of different views, it was understood that depot provision could be attractive particularly to operators looking to enter the West Yorkshire market.

5.3.30. This option would be used for Category A Lots to reduce barriers to entry and support competition as explored within section 5.6.

5.3.31. The following sections set out the different approaches the could be taken to acquiring depots.

[14] See Appendix 3.3 Depot Position Paper

Approach 1 - Access to current depots

5.3.32. The Combined Authority is currently undertaking a desktop and field-based assessment of existing depots and will conclude on a list of potential sites throughout West Yorkshire. Following any decision to pursue Franchising, it intends to then engage with existing Operators in relation to accessing current depot sites.

5.3.33. Depots could be accessed by the Authority through either:

- Acquisition – the Combined Authority would purchase depots from incumbent operators.
- Leasing - the Combined Authority would lease existing depots from incumbent operators.

5.3.34. In each case the depots could then be made available to Operators of franchise contracts. In both cases, the acquisition of the freehold or leasehold interest in the depots would be subject to negotiation with existing owners. However, by acquiring or leasing the depot from the Operator the Combined Authority would also assist the operator in reducing the risk of the bus depot becoming a "stranded asset", as a bus depot within the franchised area may have limited uses if no contracts to operate franchised services were won, a risk which would be mitigated by sale or long-lease to the Combined Authority.

Approach 2 - The Combined Authority explores the potential to acquire land for new depot development

5.3.35. The Combined Authority recognises that in some circumstances it may not be possible to access existing depots from Operators or that new depot development is required to suitably deliver franchised services (e.g. due to capacity constraints or to accommodate Zero Emission Buses). In such cases it may therefore be necessary for the Combined Authority to develop new depots and look to acquire suitable sites (greenfield or brownfield), achieve planning permission for a new depot and commission its development. The depot could then be made available to the operator, as for Option 1.

5.3.36. Irrespective of the approach adopted, the Combined Authority would provide access to depots as part of a successful contract bid. During the Franchise term, Operators would be responsible for maintaining the depots to specified

standards and required to hand them back to the Combined Authority at the end of the franchise term in good condition.

5.3.37. The Operator would receive the use of the depots, under Franchise contracts, without charge or for a peppercorn rent. As a result, the value of the franchise contract should be lower compared with use of operator owned depots (given the comparatively lower cost of capital of the Combined Authority, relative to the private sector).

Developing an evidence base for depot strategy

5.3.38. To inform the assessment, the Combined Authority has commissioned a set of studies by a market-leading property agents to assess existing depots, to ascertain a reasonable purchase price for the purposes of assessment. The outputs of this work have been included in the financial case. It is recognised that these studies are an initial evidence base for the purpose of the assessment, but that further detailed work will be required if the Combined Authority decides to pursue franchising and that there are risks that actual purchase prices are higher. This risk is considered in the financial case.

Approach to fleet for franchising

5.3.39. The Combined Authority's approach to fleet needs to balance the desire for a high-quality service with ensuring that the costs associated with the fleet are at a level consistent with affordable fares. Therefore, under Franchising it is not envisaged that there would be a wholesale renewal of fleet, and it is therefore envisaged that the average age of fleet will remain similar to that under EP+. Within this framework there will still be the need to support the Combined Authority's wider ambitions around net zero and the move to zero emission buses.

5.3.40. In assessing the options available to it, the Combined Authority has developed a Fleet Strategy (included at Appendix 3.2). The Fleet Strategy assesses a range of options and concludes on a preferred option. Under the preferred option, the Combined Authority would access the fleet to provide to Operators gradually over time. The Fleet Strategy encompasses and develops key financial and management considerations, as set out in 7.3.17 within the Financial Case and 2.3.4 within the Management Case.

5.3.41. A core element of the fleet strategy is for the Combined Authority to start to purchase Zero Emission Buses (ZEBs) which it would provide to Operators. During the Franchise term, Operators would be responsible for maintaining the vehicles to specified standards and required to hand back to the Combined Authority at the end of the Franchise term in good condition.

5.3.42. The Operator would receive the use of the vehicles, under Franchise contracts, without charge or for a peppercorn rent. As a result, the value of the gross-cost contract should be lower compared with Operator owned fleet (given the comparatively lower cost of capital of the Combined Authority, relative to the private sector).

5.3.43. Within this preferred option, it is likely that the Combined Authority will have acquired some, but not all required vehicles in time for the launch of each franchise contract. There are options available to the Combined Authority for how it could allocate vehicles, either:

- allocation evenly across all zones, requiring operators to provide some, but not all, vehicles required for a given lot; or
- allocation to some but not all zones, providing a full fleet of Authority owned vehicles for a number of individual zones, but not all.

5.3.44. This element of the fleet strategy would cover new vehicles. However, as it is intended that the fleet used under franchising would not be completely new, additional vehicles could be required.

5.3.45. A second element of the strategy would be for the Combined Authority to request bidders, including new entrants, to provide additional fleet to supplement the new vehicles during the transition period, to when the Combined Authority would provide all vehicles as part of the franchise agreement. WYCA may make provision to provide additional vehicles to a franchisee during a contract. This will be dealt with in the specific tender conditions for the contract which will include appropriate mechanisms should the scenario arise.

5.3.46. The Combined Authority, as part of the Franchise contract, may implement an additional mechanism, a residual value mechanism on Operators, such that the Combined Authority has the obligation to acquire any fleet used as part of the contract at the end of the contract life, subject to a set of

parameters being met that would be predefined by the Authority (e.g. vehicle age, fuel type). The mechanism for establishing the acquisition cost would be set out in advance as part of the terms of the franchise contract (and could be calculated on an Open Book or Market Value basis). Incumbent operators may also be willing to offer their fleet to other operators, if they no longer require it.

5.3.47. There are a number of practical considerations for fleet, including:

- **Acquisition model** - a number of options exist for acquisition of vehicles, including: acquire directly from the manufacturer; lease from the manufacturer; and lease from an intermediary. The specific acquisition model to be employed will be subject to a detailed business case following any decision to implement franchising. The choice of acquisition model will be selected based on whichever option is the most efficient, taking into account the Combined Authority's financial and risk appetite at that point in time, as well as market dynamics (pricing, finance costs, availability).
- **Contracting principles** - following the acquisition of the vehicles by the Combined Authority (in whatever form that takes), the terms of the onward leasing of vehicles will need to be specified within the Franchise contract. It is anticipated that detailed contract design would take place following any decision to implement Franchising, however the current assumptions (based on the most efficient form of financing) relating to the lease of vehicles to franchise operators include:
    - Leasing would be carried out in a "dry lease" basis - whereby the Combined Authority would retain minimal management activities relating to the vehicles.
    - Maintenance, insurance and major component replacement responsibilities would be passed to the franchise Operator. Similarly, the risk and liability for passenger incidents, damage and Road Traffic Accidents would be passed to the Operator.
    - Vehicles would be subject to a periodic condition check by the Combined Authority to ensure compliance with the terms of the contract (either carried out in house or via a third party), and a

final “handback” check would be required at the end of each franchise contract.

- **Financial implications** - for the purposes of assessment, it is assumed that the Authority will acquire ZEBs at an average rate of approximately 62 per annum (varying from year to year) from 2026. It is assumed payment will be made upon delivery. The specific assumptions underpinning this have been set out in the fleet strategy (Appendix 3.2) and are included within the Financial Case of the Assessment (section 7.3.17).
- **Management implications** - as the option to undertake franchising represents the biggest step change from how the network is currently operated, the Combined Authority has considered what additional competencies it would require, and has made provision in the Management Case for additional resource to manage the Combined Authority’s involvement in fleet.

5.3.48. The Combined Authority has considered the practical and operational requirements of an Authority-owned fleet, noting the step change from its role in not currently owning and operating fleet. These have been described in the following table for both (i) operator owned fleet and (ii) Authority owned fleet.

Table 14: Practical and Operational considerations of Franchising

	Operator owned and provided fleet	**Authority owned and provided fleet**
Specification definition	Defined by Operator (assumed vehicle already acquired) but will have to meet any Authority requirements in the franchise contract	Specified by the Authority as part of acquisition process, but where not purchased new may be subject to specification of previous owner.
Vehicle maintenance (technical) and “soft maintenance” (cleaning)	Maintained by Operator (operator owned vehicles) and maintained to standards set in the Franchise contract	Maintained by Operator under terms of the Lease Agreement under Franchise contract (assumed “dry lease”) - regular (annual) checks carried out by Authority with contractual mechanism for any underperformance
Insurance	Insured by Operator, contractual obligation under terms of	Insured by Operator, contractual obligation under terms of Lease

	Franchise Contract (evidence required and checked annually)	Agreement and franchise agreement (evidence required and checked annually)
ZEB Battery replacement	In line with vehicle maintenance - Operator responsibility	Authority required to have the requisite capacity and capability to procure major component replacement e,g. ZEB battery replacement
Passenger incidents	Operator responsibility under the terms of the Franchise Contract	Operator responsibility under the terms of the Franchise Contract (and any Lease Agreement)
RTA responsibility / liability	Operator responsibility under the terms of the Franchise Contract	Operator responsibility under the terms of the Franchise Contract (and any Lease Agreement)

5.3.32. Further detailed considerations are set out within the Fleet Strategy, see Appendix 3.2.

5.4. Implementation

Phasing of franchise contracts

5.4.1. If the Combined Authority were to choose to implement Franchising there would be benefits in minimising the transition period, when franchised services and deregulated services would run concurrently in different areas of West Yorkshire. Apart from enabling earlier achievement of the full impact of Franchising, a short transition period would also limit the period when customers are offered an inconsistent service across different parts of West Yorkshire.

5.4.2. Balanced against this are the challenges of implementation, both in terms of ensuring that the proposed approach works effectively and managing the large number of procurements required.

5.4.3. The Combined Authority has therefore considered a range of different timetables for implementation on the basis of balancing speed of implementation with sufficient time to deal with procurements. To balance these issues, the Combined Authority's proposed approach would be to look to franchise all routes over a target 27 month period.

5.4.4. This approach and timetable would enable the Combined Authority to achieve the benefits of franchising relatively quickly, whilst ensuring that the procurement process is manageable.

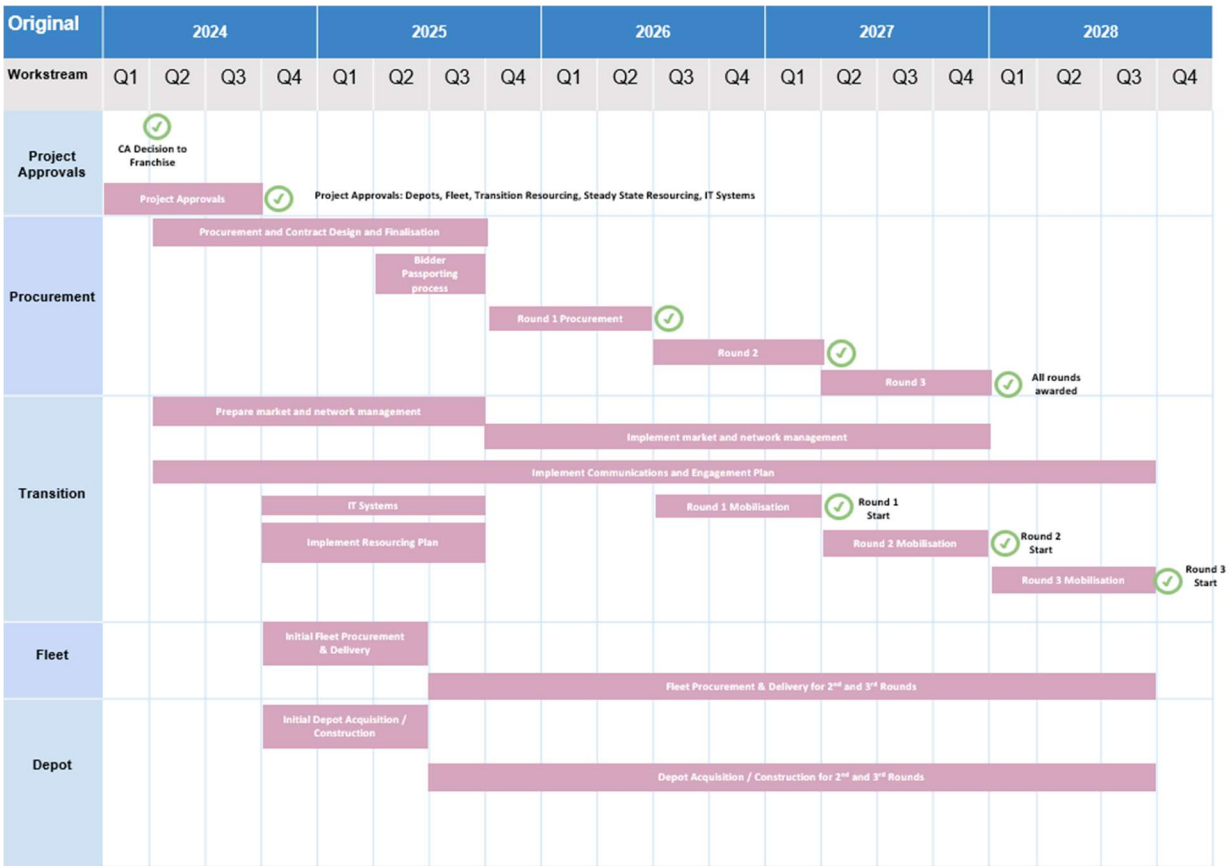
5.4.5. It would also allow the Combined Authority to refine its contract and procurement processes based on experience gained in letting the earlier contract rounds.

5.4.6. Further detail of the proposed procurement strategy has been outlined in section 5.9.

Implementation

5.4.7. The Combined Authority has considered in detail the steps required to implement the plan for Franchising. This section sets out the plan for the period from any announcement of franchising up to the letting of the first franchise. The programme diagram below sets out the Combined Authority's current proposed implementation plan for a franchising model. It should be noted that this programme includes the notice period for the termination of the Partnership, and much of this period is utilised in preparation for franchising.

Figure 4: Franchising implementation plan



Initial implementation actions

5.4.8. If Franchising is taken forward as the preferred option, this will necessitate the ending of the Partnership.

5.4.9. As the franchising scheme will relate to West Yorkshire, the same area that the Combined Authority's EP Plan and EP Scheme(s) apply to, the Franchising scheme will need to provide for the revocation of the EP Plan and EP Scheme(s) or variation of the EP Plan and EP Scheme(s) so that they cease to relate to any part of the franchising scheme area, as required by the relevant legislation[15]. Section 6.17 of the EP Reference Case already makes specific provision for this.

5.4.10. The franchising scheme would therefore need to provide for the Combined Authority's EP Plan and EP Scheme(s) to be varied so that the existing EP Plan and EP Scheme(s) would remain in operation only up until the point that franchising is introduced and then terminate.

5.4.11. The Combined Authority will engage with Operators to ensure that the transition is efficient, and details of what transition period arrangements will be required and how services are protected has been detailed in Section 5.7 below.

5.4.12. The Combined Authority will also need to:

- Initiate depot development. This will include site identification and acquisition, obtaining planning consent as required and ensuring appropriate specification to support franchising during implementation.
- Procure and appoint contractors for depot construction as required, and construction of depots in advance of franchise contract mobilisation.
- Ensure that fleet procurement and delivery arrangements are in place to acquire fleet the Combined Authority wish to have in place for the first phases of franchising. This will need to include lead times such that fleet is acquired in advance of the first franchise contracts being mobilised.
- Ensure that the IT systems are prepared to support the fares and ticketing proposed for the franchised system.
- Implement all internal governance, controls and change management set out in the Management Case.

[15] section 123H(6) of the TA 2000

- Ensure all recruitment needs are met in advance of franchise mobilisation, in line with the resource requirements as set out within the Management Case. This will include dealing with relevant pensions/TUPE implications.
- Set in motion the processes outlined within Section 5.8 for procuring the Operators for the first Round of Lots.

5.4.13. Once the first franchising contract is let, the franchising process will enter the transition phase, described further in Section 5.7. The first stage of this will be a notice/mobilisation period which is scheduled to be 9 months (and must be at least 6 months).

5.5. How the involvement of SMOs will be facilitated

5.5.1. The Combined Authority has developed its plan for franchising to facilitate SMO involvement and provide opportunities for SMOs to grow their businesses.

5.5.2. SMOs have encountered specific challenges over the last three years due to the impact of Covid-19, the uncertainty of continued funding, labour market challenges and increased costs. This has led to some SMOs not bidding for opportunities that in the past would have been attractive to them.

5.5.3. The Combined Authority has attempted to engage with the SMO market through market engagement exercises (Appendix 3.4). This has proven difficult as many of the organisations have limited resources and time spent in consultation may be a distraction from running their businesses. Some feedback has also been received on the potential impacts of franchising as part of the finalisation of EP+ proposals, included in the letters of commitment from a number of small operators and the Confederation of Passenger Transport. The Combined Authority will continue to discuss options for franchising with SMOs, including potential new entrants, and therefore what is proposed below may be further adapted if required to ensure it achieves its aims.

5.5.4. It is recognised from the feedback from small operators that there is a concern of potential business loss from franchising, and the Combined Authority's intention with these initiatives is to stabilise the market for SMOs

to allow SMOs to consolidate their market position and put in place opportunities to grow as franchising is established, as further described in the sections that follow.

Route Packaging

5.5.5. The Combined Authority has designed the packaging of routes into categories of Lots of varying PVR sizes to suit the participation of Operators of varying sizes (as outlined within Section 5.2), with lot Categories B and C sized to a suitable scale for SMO involvement.

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 B and C lots cannot be operated from an A lot 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 but would 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.

Marketing and ticketing systems

5.5.7. As noted in section 5.3, under Franchising the Combined Authority would be responsible for ticketing systems and information, as well as all central marketing and customer services functions.

5.5.8. In the current deregulated market SMOs can have difficulty growing their businesses because larger Operators encourage customer loyalty through discounted, single operator tickets. Therefore, it is uneconomic for customers to occasionally use a smaller operator, and this makes it difficult for them to grow.

5.5.9. Under Franchising all operators under franchised agreements would be providing services for the Combined Authority and therefore the ticketing structure would not affect the ability for operators to compete for the franchise contracts, thereby removing this barrier to growth for SMOs or entrants of new SMOs.

Contract Terms

5.5.10. The proposed move from supported services to Franchising will have multiple effects on Operators. At present not all supported services are contracted on a gross cost contract basis, whereas under the proposed Franchising scheme they will be. The proposed franchising contract for Lot A will be for a longer period than current supported contracts and is likely to have more complex requirements for Operators reflecting the scale of the service contract and the requirements relating to the depot, fleet, and performance requirements. If contracts of a similar scale and complexity were used for Lots B and C this may act as a barrier to entry.

5.5.11. The Combined Authority therefore proposes to adopt a different approach for Lots B and C. This would entail using franchise agreements which only adopt a gradual move from the current contracting arrangements for supported services. Initially, contracts would be let on substantially the same basis as current gross cost contracts, updated for selected elements of the main franchise contracts and other elements of the franchising strategy for example in respect of ticketing and performance standards.

5.5.12. This would allow SMOs to adapt more gradually to the move to an overall franchising system, without being met with contract terms which were significantly different to those which they have tendered for under the current market. This would be expected to lower the cost and complexity of tendering and allow operators to focus on meeting those requirements which were new.

Opportunities to grow

5.5.13. The above proposals allow SMOs to consolidate and enter the market, but the Combined Authority also intends to put in place additional measures to help SMOs to grow.

5.5.14. Part of this could be by offering larger packages under B lots which would allow a paced level of growth. This could be by combining lots or moving certain services from A lots into B lots.

5.5.15. A further opportunity is for SMOs to eventually bid for A lots. This will be facilitated by the removal of the primary barriers to entry for any operator. The Combined Authority's proposals relating to this are set out in section 5.6 below.

5.6. Measures for promoting strong competition

5.6.1. Under franchising the bus network would transition from a market with 'on-street' competition whereby Operators compete for passengers based on their service offer, to contract-based competition whereby Operators compete to win contracts for the right to run specified services in West Yorkshire.

5.6.2. To provide value for money fares to passengers, the Combined Authority would need to ensure that there is a competitive market for franchise contracts.

5.6.3. To do this the Combined Authority intends to reduce barriers to entry for Operators of all sizes, including SMOs. Such actions would cover the following areas.

Fleet

5.6.4. One of the main barriers to entry could be access to fleet. The Category A Lots (PVR ≥50) require substantial fleet numbers to achieve economies of scale. The cost of a totally new fleet would increase costs to customers and increase the mobilisation period for franchises. However, the current structure of the deregulated bus market means that there is limited availability of mid-life fleet (as these tend to be cascaded through the larger Operators' different subsidiaries).

5.6.5. The Combined Authority's proposed model would address these challenges in a number of ways.

5.6.6. Under the proposed fleet strategy (Appendix 3.2), the Combined Authority shall acquire ZEBs over the medium to long term and provide to Operators under franchise contracts. During the initial phase of contracts, there may be a requirement for Operators to provide fleet to supplement the Combined Authority owned ZEBs, however this will not make up the majority of fleet in a lot and as a result is not considered to be a barrier to entry.

5.6.7. Lots which are tendered using publicly owned vehicles and offered on level playing field terms to bidders will overcome the challenge for new entrants of sourcing suitable compliant vehicles, as set out at section 5.5 above.

Depots

5.6.8. As set out in section 5.3, the Combined Authority's proposed depot strategy assumes the acquisition of a strategically located depot in each Zone for A Lots. Each depot is proposed to have sufficient capacity to exceed the PVR requirements for the Lot A contract for each Zone.

5.6.9. These depots would be made available for use to Operators who secure a contract to run Lot A franchised services in West Yorkshire. Access to depots would be incorporated into the terms of franchise contracts.

Phasing and roll out

5.6.10. The programme set out in sub-section 5.4 for implementing franchising has been developed to provide a pipeline of contracting opportunities for Operators, supporting an Operator's case for investment. This will help encourage competition for every Round of contracts.

5.7. Transition period arrangements and how services will be protected

Transition

5.7.1. The Combined Authority intends that once the first tranche of franchise contracts is let, the remaining franchise contracts will be let in two subsequent tranches, as described above in sub-section 5.4.1.

5.7.2. This means that there will be a substantial period between any announcement of the intention to pursue franchising and all services having been franchised.

5.7.3. The Combined Authority has developed arrangements to support the transition from the existing deregulated market to a fully operational franchised model.

5.7.4. Key elements of this transition plan (which are also discussed in the Management Case) include:

- The implementation process, and the provision of services during the transition process.
- How to ensure continuity of service in the transition phase when there is a mixture of franchised and unregulated services.

- How to enable/ensure that Operators can mobilise their drivers, fleet, and maintenance arrangements in time to deliver an effective service, and how to ensure that the Combined Authority's approach to transition does not disadvantage certain operators (in particular, new market entrants, who may take longer to mobilise); and
- How to ensure that the Combined Authority has all the required staff and processes in place to manage the contracts, and undertake other activities required under franchising e.g., network planning, timetabling.

5.7.5. The Management Case sets out how the Combined Authority will put the required staff and processes in place and manage potential disruption of services during the transition period in more detail.

Assessing the risk of network disruption

5.7.6. Following a mayoral decision to implement Franchising, the Franchising scheme would include provisions that revoke the Enhanced Partnership plan and scheme(s) in relation to the areas that the franchising scheme relates. During the implementation period of franchising, the Combined Authority would need to manage the risk that services (both commercial and tendered supported services) do not continue at their forecast level. This could arise through a number of circumstances:

- Operators could make marginal service reductions, e.g., by targeting loss-making commercial services.
- Operators could make prolonged and systematic reductions in commercial services, which might include the reduction of both loss-making and marginally profitable services.; and
- Operators could cease services entirely for a given geographical area.

5.7.7. There are several ways to manage the risk of Operators de-registering services before franchising comes into operation:

- 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 56 days 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 56 day notice period will not apply, and such service can instead be provided from the point that the Traffic Commissioner accepts the registration application.

5.7.8. There are few (if any) services where it will directly benefit the incumbent Operators to withdraw services, and if it does the level of support required from the Combined Authority is likely to be low. Although Operators may seek to reduce costs through either marginal or prolonged service reductions, this is considered unlikely given that this could give rise to significant additional costs (e.g., redundancy costs, pensions liabilities), or create stranded assets if no alternative use or sale of fleet/depots is secured.

5.7.9. Once the franchising scheme starts to apply, the Combined Authority intends to utilise a Service Permit Regime to help maintain consistency of any non-franchised services during the period of transition.

5.7.10. The overall level of risk has been considered as part of the risk assessment for franchising as set out at the end of this section, with appropriate mitigation actions to be managed by the Combined Authority in the event of a decision to pursue Franchising.

Arrangements to protect passengers

5.7.11. If Operators reduce or withdraw entirely from services prior to them being subject to a franchise contract, the Combined Authority could manage this in several ways:

- The Combined Authority could facilitate other Operators stepping in to take on services which have been reduced/withdrawn. This could be aided by the Combined Authority exploring whether alternative operators are available to step-in where services are withdrawn, as has occurred previously when an existing operator has ceased operations;
- The Combined Authority could use short-term tendered contracts, either under the existing supported services framework or a new one, to either partially or fully replace the services leading up to the point at which these

services are transitioned to a franchise contract. While there would be a cost involved in this, the subsidy from the public sector is likely to be relatively low, as the services are currently run as commercial services; and

- If the service is deemed to be no longer required as part of a franchised network, the Combined Authority could take no further action in relation to the withdrawn services.

5.7.12. It should be noted that this risk does not apply to existing supported service tendered contracts, since operators are contracted to provide those services for a specified period.

5.7.13. The Combined Authority has set out further details of how the contracting process and continuity of services will be managed within the Management Case.

Fare arrangements during transition

5.7.14. From the commencement of the first franchised services, all the services operating in West Yorkshire will be operating either as franchised services, under the service permit regime or under exclusions or exemptions from the scheme.

5.7.15. The Service Permit Regime would be proposed to establish specific conditions relating to fares and ticketing that would maintain the benefits of the existing EP with regards to fares and ticketing.

5.7.16. This will help minimise the impact on users where franchised services have not yet been introduced.

5.7.17. For those services included within the franchise scheme, all revenue will be received by the Combined Authority. In the case of those services operated under the Service Permit Regime, the revenue will be received directly by the Operator. Over time, more services will become franchised services and fewer services will operate under the Service Permit Regime, although some services, such as cross-boundary services, will remain as operating under the Service Permit Regime.

5.8. How cross boundary services will be facilitated

5.8.1. Facilitating cross-boundary services under a franchising scheme is a key requirement of the Franchising Guidance.

5.8.2. Cross-boundary services which originate from outside West Yorkshire will require a service permit to operate within a franchise scheme area. Therefore, the Combined Authority will need to establish a Service Permit Regime to apply from the commencement of local service contracts under the franchising scheme.

5.8.3. Operators of cross-boundary services would be entitled to apply for a service permit (with published conditions) and the service can only operate under these conditions within the area of the franchising scheme.

5.8.4. This would allow the Combined Authority to specify requirements such as bus age and involvement in regional ticketing schemes where these were beneficial to passengers or ensured that the services were complementary to the franchised services.

5.8.5. The exact scope of the Service Permit Regime would be subject to formal consultation with operators and other relevant parties.

5.8.6. The Combined Authority is allowed to propose different conditions for the different types of service that will be operated under the Service Permit Regime. Therefore, the conditions that apply to cross-boundary services do not need to match exactly those which apply to other service types, for example services operating solely within West Yorkshire. This could allow cross-boundary services to be subject to different standards than those that apply to services wholly within West Yorkshire.

5.8.7. To establish the Service Permit Regime, the Combined Authority must consult on both its service policy statement and any conditions it wishes to attach to service permits. These consultations are separate to the franchising scheme consultation but would need to be completed in sufficient time before the commencement of the first franchise services to allow the Service Permit Regime to be established, Operators to submit applications for permits, the applications to be considered and service permits to be issued. The

conditions should not be particularly onerous as the general intention of the Service Permit Regime is to facilitate the continued running of cross-boundary services rather than setting conditions which prevent them from operating in West Yorkshire.

5.8.8. As part of engagement with neighbouring LTAs the issue of cross-boundary services has been discussed, including the approach outlined above. There was broad agreement that this outline approach was pragmatic, with a number of issues for consideration in further development of the approach raised:

- Potential differences between neighbouring LTAs that are/are not franchised, and between service permit regimes of adjoining franchised areas.
- The impact of Service permit regimes on vehicle requirements
- Consideration of market impacts on neighbouring authorities – including on ; specifically around recruitment drives and asset acquisition.
- Decision making on existing and future cross-boundary services, including on support to operators.

5.9. Procurement Strategy

Aims and benefits

5.9.1. The Combined Authority intend to use the procurement process to maximise the value for money of the services procured under the Franchising scheme and ensure that: the involvement of small and medium sized operators is facilitated; competition is driven for franchises; a continuing viable market is developed; the risk allocation described in this Assessment is reflected in the contracts; and the Combined Authority and operators can successfully adapt to the reality of implementation of Franchising across West Yorkshire with risks of transition mitigated so far as possible for all parties.

5.9.2. The approach to procurement will reflect and support the Lotting strategy (Appendix 3.1), mitigating risks from procurement and aiding transition from the current deregulated environment to a franchised environment.

5.9.3. The Combined Authority is mindful that this will become a continuing process, with new franchise contracts let on a rolling basis once franchising is fully implemented. Therefore, the approach taken must not only allow for effective procurement of the initial local service contracts, but also allow for efficient procurement on an ongoing basis, enabling the creation and retention of a competitive franchising market to ensure value for money can continued to be delivered. In particular, the strategy should support effective bidding by small and medium sized operators in the franchising process.

The legal framework

5.9.4. Procurement of the local service contracts would be conducted under the relevant legislation[16], which is expected to come into effect prior to the letting of contracts under the Franchising Scheme (if made).

5.9.5. Under Schedule 2 of the Procurement Act 2023 contracts that are exempted from the application of the Procurement Act 2023 include a contract that is required to be awarded in accordance with the public service obligation regulations (which are defined under section 136(11) Railways Act 1993 to mean Regulation (EC) No 1370/2007 (the **public service obligation regulations)**. This would include local service contracts let pursuant to a Franchising Scheme. The public service obligation regulations are currently retained EU law but are expected to be retained after 2023 and therefore will govern letting of local service contracts.

5.9.6. The public service obligation regulations require that bus public service obligation contracts are procured in accordance with the relevant public procurement rules, unless they are services concessions, in which case they would be procured under the public service obligation regulations.

5.9.7. As the Combined Authority are proposing to retain risk in fares and revenue in terms of contracts, it is unlikely that the procurements would be viewed as service concession contracts, and therefore the Procurement Act 2023 will apply to any procurement of local service contracts under the Franchising Scheme, if made. The procurement strategy therefore proceeds on the basis that the Combined Authority will procure all local service contracts in accordance with the terms of the Procurement Act 2023.

[16] Procurement Act 2023

The procurement process

5.9.8. The Procurement Act 2023 provides the Combined Authority with several key decisions to make around the procurement process including:

- whether or not to conduct a pre-procurement market engagement exercise.
- the procurement procedures to be applied; and
- the approach to pre-qualification and shortlisting of bidders.

These are considered below.

Preliminary Market engagement

5.9.9. The Procurement Act 2023 specifically allows for preliminary market engagement (section 16 Procurement Act 2023). During the assessment process the Combined Authority has already carried out a market engagement process to explain the proposed approach to franchising and key parameters that are expected to be contained within the franchising process (see Aggregated Market Engagement supporting paper).

5.9.10. Whilst this initial market engagement has informed the assessment, the Combined Authority would also carry out preliminary market engagement following any decision by the Mayor to make a Franchising Scheme, allowing 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). The proposed procurement programme allows time for this engagement and detailed document development prior to commencement of any franchise contract procurements.

Procurement procedures

5.9.11. The Procurement Act 2023 allows for two types of competitive tendering procedure:

- the open procedure, being a single stage tendering procedure without a restriction on who can submit tenders; and

- the competitive flexible procedure, being such other competitive tendering procedure as the contracting authority considers appropriate for the purposes of awarding the public contract.

5.9.12. The Combined Authority would expect to use a competitive flexible procedure to award contracts for Lot A, as there will be clear technical requirements that will apply to parties capable of providing services around: their capability to deliver services to the appropriate technical and safety standard; and whether they have the financial standing to be able to deliver contracts of this scale. This will allow the Combined Authority to restrict the tenders to appropriately qualified public transport operators, with down selection on other grounds (including financial standing and technical capability) so that competitive procurement can be focused on a limited number of suitably qualified operators.

5.9.13. The competitive flexible procedure will allow appropriate engagement and refinement of the terms of the Lot A contracts with the market. This will be particularly valuable in the first rounds of procurement, where the Combined Authority would expect to engage with operators to refine its requirements, and maximise value for money in delivering its requirements.

5.9.14. For the Lot B and Lot C contracts, the Combined Authority is mindful of the need to ensure that the process does not accidentally exclude SMOs through placing an onerous burden on them in terms of bid costs and time(see Section 5.5). Therefore, whilst the Combined Authority may use a simplified version of the competitive flexible procedure for larger Lot B contracts, in particular where doing so will support value for money, it expects that for most Lot B and C contracts it will make use of the open procedure, but with very specific minimum requirements for compliant tenders, similar to those currently required for secured service contracts of a similar scale. As with the approach to contract development this will minimise the process changes that apply to current SMOs in moving to franchise contracts and will allow the Combined Authority to draw on best practice from its current secured service and schools procurements in procuring these lots.

5.9.15. As the franchised contract market develops, the Combined Authority will keep under review whether its approach to procurement of each type of contract remains appropriate, for example whether the position on Lot A contracts has

become sufficiently standardised to allow for further simplification of the procurement process. For example this could include whether qualification requirements can be simplified or ultimately whether an open procedure can be used.

5.9.16. Whilst the Combined Authority wishes to maximise competition for each franchise contract, it also wants to ensure that the approach to procurement ensures a long-term market and is aware that there is a risk of distortive behaviours by bidders in the first round of franchising, which could lead to market foreclosure, or could lead to exclusion from SMOs if large operators choose to also tender for smaller contracts to maximise market share. As a result, the Combined Authority will keep under review whether there is a need to limit the number of contracts that any one bidder can win in a specific franchise round to ensure that competition is maintained.

5.9.17. Whilst the preference would be to avoid such artificial restrictions on bidders, the Combined Authority will implement such measures if there otherwise appears to be a material risk of the market being foreclosed, or SMOs being disadvantage in tendering for contracts without such restrictions in place. The ability to restrict Operators who are utilising a Combined Authority provided depot under a Lot A contract from using that depot to tender for Lot B and C contracts will also mitigate the risk of large operators unfairly competing with SMOs in the smaller franchise procurements (see Section 5.5).

Social Value

5.9.18. The Combined Authority aims to deliver meaningful social value through project design, our procurements and through the management of our ongoing contracts to support equality, to further inclusion, and to safeguard the environment and communities in which we live. The procurement of all franchise contracts will therefore reflect these requirements ensuring that contracted partners work to ensure they embody best practice through reducing gender pay inequalities, through fair employment practices and in the adoption of sustainable, ethically sourced products, goods, and services and in supporting their suppliers to do the same.

5.9.19. Consistent with its other procurements, the Combined Authority will therefore identify social value measures which operators can be expected to meet, and

then ensure that these form a key part of evaluation, appropriately weighted and selected in accordance with the Combined Authority's wider procurement policies.

Selection Criteria

5.9.20. The Combined Authority has considered whether to make use of a dynamic market for franchise procurements. Qualification systems are currently used by both Transport for London and GMCA in respect of procurement of bus franchises, as they provide a system for establishing a minimum threshold for bidders to participate. This would allow bidders to only have to complete the qualification process once, which may provide a more efficient system for contract down-selection than requiring repeated separate selection questionnaires for each contract. However, as the Combined Authority is currently proposing to use open procedure with simplified selection criteria for most contracts, such an approach may be unnecessary (and could act as a slight barrier to entry for SMOs who may not be used to such a system) and use of standardised SQ criteria across Lot A contracts should minimise the additional effort required by bidders for larger franchises, without the need to establish a separate framework. Therefore, whilst the Combined Authority will keep use of a dynamic market under review, at this stage it is not intended to use one for the franchise procurements.

Lessons learnt

5.9.21. It is important that the procurement process does not remain static and adapts to ensure that it continues to deliver value for money. This will include responding to the way that bidders (including SMOs, large incumbent operators, and any new entrants) react to the tendering process; engaging with the market to understand what factors impact the value of their tenders; carrying out lessons learnt sessions both during and after each procurement; and re-visiting this in the context of contractual performance, to ensure that procurements are driving best value and reflecting the outcomes aspired to by the procurement process.

5.9.22. Once the first round of franchises has been let and there has been a full transition to the franchised bus market, the Combined Authority will be able to consider changes to the procurement approach based on its contracted

market, drawing on practical experience of franchised services in practice, allowing testing of elements of the contract and procurement strategy that have driven value for money, and identifying areas where improvements could be made either for the Combined Authority or bidders. This will also allow continued analysis as to whether the procurement strategy continues to provide opportunities for SMOs, and to ensure that it continues to drive a vibrant market for bus operators, by responding to market inputs.

5.10. Employments and pensions considerations for franchising

Employment

5.10.1. Under section 123X (Local Services contracts: application of TUPE) Transport Act 2000 TUPE will apply where an incumbent operator ceases to provide services at the time that a new operator starts to provide services under a franchise agreement.

5.10.2. This means that employees whose employment is principally connected to the provision of the relevant local services will have a right to transfer to the Operator under the new franchise operator. Under the reference case, whilst TUPE will apply where one secured service contract is replaced with another, it does not generally apply where an operator withdraws a commercial service and the Combined Authority then lets a secured service contract, and therefore this approach potentially provides greater certainty to existing bus operator staff than a less managed movement to secured services under the reference case.

5.10.3. The Combined Authority's Lotting Strategy (Appendix 3.1) 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.

5.10.4. The Franchising Schemes and Enhanced Partnership Schemes (Application of TUPE) (England) Regulations 2017 (**TUPE Regulations**) are the current regulations made under section 123X.

5.10.5. Under the TUPE Regulations, the decision on which employees are principally connected to services is to be reached by agreement with operators of affected local services following a consultation process. If agreement as to how the principally connected test applies, then by default it will apply to any employee who, on average, spends at least half of their working time assigned to the provision of affected local services or assigned to activities connected wholly or mainly to the provision of affected local services.

5.10.6. As a result where the Combined Authority have proposed the letting of Lot A, depot based contracts which broadly align with existing services, or where they let Lot B and C smaller service contracts which broadly align with the provision of services by incumbent operators, then TUPE should apply to both the drivers of those services, and to other Operator staff who are assigned to those services, for example, maintenance staff, and therefore those teams will have the right to transfer to the new operator.

5.10.7. It is acknowledged that the standard test will not always easily apply, and therefore the ability to agree a different test following consultation will allow the Combined Authority to ensure that appropriate employees can transfer, both mitigating the risk on existing operators that they are left with redundant drivers or other staff and also ensuring that new operators tendering for services have greater certainty as to the staff that may be available to transfer to their business, if they are successful in winning local service contracts.

Pensions

5.10.8. The TUPE protection that applies under section 123X includes pension protection for these employees as set out in the relevant legislation[17]. To comply with these regulations, the Combined Authority will include in each franchise agreement an obligation on the Operator to secure pension protection for transferring employees, enforceable by those employees, giving them the right to either the same pension benefit rights as they had with their existing employer, or a broadly comparable or better set of rights.

[17] Franchising Schemes and Enhanced Partnership Schemes (Pension Protection) (England) Regulations 2017

5.10.9. The regulations require that employees must suffer no material detriment in terms of their future accrual of pension benefits, or if there are exceptional circumstances which mean that this is not reasonably practicable, that they are sufficiently compensated to offset the material detriment which they would suffer.

5.10.10. As a result, the Combined Authority's franchise agreement will provide employment and pension protection for the employees of outgoing operators who choose to transfer to the new operators. This means that current bus operator employees who transfer will, as a minimum, retain their current employment rights, including their existing pension rights.

5.10.11. Following the making of any Franchising Scheme, the Combined Authority will have the right to request more detailed information in respect of the employment and pension rights of potential transferring employees. Bidders will then need to ensure that they provide broadly comparable pension rights as part of pricing their tenders. In most cases this will require provision of defined contribution schemes, which is something that employers should all be familiar with, in particular given there is now automatic enrolment.

Pensions implications for incumbent Operators

5.10.12. It will remain the obligation of incumbent Operators to put in place the necessary arrangements to address any shortfalls that exist and to manage the pension funds that relate to the past service of their employees. There will therefore not be an obligation on the Combined Authority to make arrangements to address any shortfalls that existed prior to the introduction of any Franchising Scheme.

5.10.13. This does create a risk for existing Operators that they may lose some flexibility as to how and when they fund any past service pension liabilities and associated deficits. The extent of such impacts from the introduction of franchising will depend on several factors, including the terms of the operator's existing schemes, their funding position and liabilities under the scheme, the extent to which employees TUPE transfer to a new Operator, what steps Operators can take to mitigate those impacts, and the extent to which these are matters which Operators would be required to address under all options.

5.10.14. The Combined Authority requested information from incumbent operators in respect of their pension schemes in October 2022 and made further request for information in March 2023. Of the operators who responded to these requests only one operator has current employees in a defined benefit scheme, which is a local government pension scheme, with two other operators having closed defined benefit schemes, where they have a liability to repair funding deficits.

5.10.15. Where Operators have their own defined benefit scheme or participate in a local government pension scheme (LGPS), then there is a risk that if the incumbent operator ceases to employ at least one active member in a Defined Benefit scheme, that this could constitute an employer cessation event, potentially triggering a crystallised lump sum liability on the incumbent Operator, requiring them to contribute a share of the total "buy-out" deficit of the whole scheme, which could be a material lump sum. Where the Operator continues to employ at least one active member, the trustees of the scheme may seek more prudent funding arrangements.

5.10.16. It is assumed that participation in the LGPS will be closed to new entrants and that the membership profile is likely to be a low proportion of active members and a high proportion of pensioner and deferred members. The cost of the ongoing employer pension contributions for those employees has been assumed to be provided for in employment costs provided by Operators. There are currently no deficit repair contributions being paid into the relevant LGPS by this operator, and this has been reflected in the assumptions that support the Financial Case.

5.11. Summary against Commercial Success Factors

5.11.1. The table below sets out a summary assessment of the franchising option against the Combined Authority's Commercial Success Factors as described in section 2. The following assessment includes a rating of the Franchising option against the Commercial Success Factors, whereby:

- **Green** means there is a high potential that the option allows for the delivery of the Commercial Success Factor.

- **Amber** means that while the Commercial Success Factor could be met under the option, there are a number of challenges; and
- **Red** means that it is unlikely that the Commercial Success Factor will be met under the option.

Table 15: Summary Assessment of the Franchising Option

Commercial Objective	Assessment	Rating
Transport Authority Influence	• The Combined Authority can control the design of the franchising scheme to help deliver its intended outcomes and maximise operator performance. • The Combined Authority will be able to target the delivery of key strategic priorities through contractual requirements included within franchise contracts. This will cover areas such as: ○ fares and ticketing, ensuring standardisation of products and pricing for passengers across all Operators. ○ fleet specification and standards, controlling the pace of transition to zero emissions and bus specification/branding. ○ use of depot sites and infrastructure, to support the fleet strategy and mitigate barriers to entry for Operators; and ○ route timetabling and information, to improve passenger experience and ensure quality services are delivered. • The Combined Authority can achieve greater influence over the outcomes of public money spent on bus services, delivering improved quality of service. • However, there is a requirement for franchise contracts to be flexible to allow for changes required to services during the contract term.	
Best Value	• Franchising will allow the Combined Authority to manage profitable services and services requiring support as a single portfolio. • The Combined Authority can control the packaging of routes in a way which delivers best value to the public sector e.g. through achieving effective cross-subsidisation to support affordability. • Franchising also allows the Combined Authority to proactively manage the market, in preparing the market for potential new competitions and taking views of Operators, rather than the current, reactive nature of commissioning	

	supported services. • Finally, the Combined Authority can invest in assets (e.g. depot and fleet) that have the potential to deliver value for the public sector over the long term.	
Driver of competition	• Under franchising, Operators will shift from competing commercially for passengers on an "on street" basis, to competing for contracts to run services. • As a result, the Combined Authority can prepare the market to maximise competition between Operators for franchise contracts. More competition between Operators through competitive bidding can help drive up both innovation in customer service and value for money which can help to reduce franchise contract payments. • In addition, the Combined Authority's fleet and depot strategy can mitigate barriers to entry and encourage competition between Operators on a 'level playing field basis'. • This includes supporting the participation of small and medium sized Operators through a lotting strategy that comprises smaller lots specifically designed for SMO Operators.	
Risk allocation	• A franchising scheme will allow the Combined Authority to better allocate risks and responsibilities to the parties best placed to manage them. • The Combined Authority will take on revenue risk and collect passenger fare revenue, whilst passing operating cost risk to Operators. • Operators will have more certainty over their cash flow over the life of each franchise. • Operators will be responsible for managing operational, quality and safety risks, with performance incentivised by a performance regime. • The Combined Authority will be required to put in place the capability to manage risk during transition in relation to fleet and depots.	
Ease of Implementation	• Franchising represents a significant resource and financial effort for the Combined Authority, including the need to: ○ establish the procurement strategy and plans, contracts, commercial terms, and contract management function. ○ prepare the market to ensure sufficient competition for	

	franchise contracts. ○ establish the skills and resources in house to manage and maintain the network, manage revenue, marketing, and communications, and provide contract management; and ○ acquire, develop, and prepare the assets for operational deployment, specifically depots and fleet - each of which are complex and large scale, and carry significant risk.	

5.12. Conclusion

5.12.1. The Combined Authority has set out a proposed franchising scheme which complies with franchising guidance and maximises the potential to meet its Commercial Success Factors

The Combined Authority's proposed franchising scheme as set out above meets the requirements of the Franchising Guidance.

In particular, the Combined Authority has set out a number of interventions and measures to ensure that the participation of small and medium sized enterprises can be facilitated, and a competitive market can be achieved. This includes different options for dealing with key commercial challenges around fleet and depots, as well as a gradual implementation of franchised services across different sized lots.

5.12.2. **The franchising scheme allows better control for the Combined Authority in the delivery of bus services**

Compared to the current bus arrangements, and the interventions proposed under an EP+ model, the proposed franchising option will allow the Combined Authority to achieve greater control over the outcomes of the bus network, better enabling the delivery of its Commercial Success Factors.

Moreover, particularly in relation to best value, as the COVID-19 pandemic has driven a step change in the potential demand for bus services, it provides the public sector with additional control and influence over managing demand for non-commercial services.

5.12.3. **However, it presents significant implementation, operational and financial risk that the Combined Authority is required to manage**

- It is recognised that to deliver franchising will require a significant financial commitment from the Combined Authority and come with a range of financial and non-financial risks that will require careful management and delivery expertise by the Combined Authority. This is explored further within the Financial Case.
- To be successfully delivered, franchising will require the Combined Authority to manage the commercial risks associated with franchising and ensure that a resourcing plan and appropriate mobilisation are provided to support delivery of the scheme in a way which minimises disruption to the network. This is further discussed in the Management Case.

6. Commercial Case Conclusion

6.1.1. The commercial case set out the Combined Authorities objectives from a commercial perspective, including the existing market composition, features and challenges. It has then detailed the commercial characteristics of the reference case and EP+ and Franchising options considered, performing an assessment of each option relative to the Combined Authorities commercial success factors. It can be concluded that:

6.1.2. While EP / RC provides a forum for collaboration between the Combined Authority and Operators, implementing changes is not within the Combined Authorities sole control and there is little contractualisation of Operator performance. Interventions carried out under the EP lack alignment between investment costs and benefits, with costs incurred by the Combined Authority and benefits shared with commercial operators. Therefore, while it has some benefit, other than ease of implementation it does not provide the Combined Authority with a high level of control.

6.1.3. Similarly, EP+ in theory provides the ability to introduce additional interventions that could support the Combined Authority' commercial success factors, including of increased Transport Authority influence. West Yorkshire Operators have provided an EP+ proposal and letters of support which give a level of confidence in the market to deliver the EP+ as assessed, and therefore the potential ease of implementation. However, in practice, given implementation of these interventions and any changes are subject to further agreement with Operators, and that there may not be significant commercial incentive for Operators to engage, it may not have a materially different commercial impact on outcomes than EP / RC.

6.1.4. Finally, the Franchising option sets out a scheme in line with the guidance from a commercial perspective which details how franchising could be implemented by the Combined Authority. The assessment of this option against commercial success factors highlights a range of benefits, including enhanced influence, best value and competition - offset against the requirements to manage significant investments and implementation issues for the Combined Authority, increasing its allocation of risks.

West Yorkshire Combined Authority

Tracy Brabin Mayor of West Yorkshire

Bus Reform Assessment Financial Case

Final Financial Case

September 2023

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1. Introduction

1.1 Purpose

1.1.1. The purpose of this Financial Case is to assess the financial implications for West Yorkshire Combined Authority ("The Combined Authority") of continuing to operate an Enhanced Partnership/Reference Case ("EP/RC") or two shortlisted alternative bus delivery options, Franchising ("FC") and Enhanced Partnership Plus ("EP+"). This has been prepared with reference to the Green Book Guidance[1] requirements and the Franchising Guidance[2].

1.2. Requirements of Green Book Guidance

1.2.1. The Green Book Guidance[1] requires an assessment of the financial impact of each option to determine affordability and fundability, including:

- the net cost to the public sector, taking into account all financial costs and benefits arising;
- affordability analysis, including a year-by-year assessment of costs, income and budget;
- capital and revenue requirements for the options' lifespan;
- the impact of options on the income and expenditure statement and balance sheet of the Combined Authority;
- implementation costs associated with the options;
- funding sources, including any the Combined Authority borrowing requirements and arrangements; and
- overview of financial risks and sensitivity of key assumptions/ forecasts.

1.2.2. To align with the economic case, the financial case includes an assessment of the current Enhanced Partnership/Reference Case for the purposes of public sector comparator, in line with Green Book Guidance[1].

[1] Green Book guidance, 2022
[2] The Bus Services Act 2017: franchising scheme guidance

1.3. Requirements of Franchising Guidance

1.3.1. The Franchising Guidance[2] covers the financial implications of both the initial introduction of the arrangements, and the ongoing management and operation of a franchising arrangement.

1.3.2. An authority should consider the financial implications of Franchising ("FC") against the Reference Case, not only with respect to the initial introduction of the arrangements, but also factoring in the ongoing management and operation.

1.3.3. It is important to confirm that the preferred option is affordable, so authorities should set out the capital and revenue requirements for the options over their lifespan, together with an assessment of how the options would impact upon the balance sheet, income and expenditure account of the franchising authority.

1.3.4. In developing the financial case for the assessment in delivering Bus Service Improvement Plan (BSIP) outcomes, an authority should ensure they have considered the impacts of the options on both:

- capital spending - such as for the purchase of depots, zero emission buses, introduction of new ticketing systems or other infrastructure – including bus priority measures; and
- revenue spending – including any revenue received (e.g. fare box income, contractual payments and devolved Bus Service Operator Grant (BSOG)), any additional costs incurred (such as for implementation of the option, service enhancements and fares reductions) and – where relevant - the impacts on tender/contract prices of:
    - staff costs, in particular considering the costs associated with the TUPE transfer of staff and their pension protection;
    - other operating costs - such as savings from reduced journey times achieved through bus priority, fuel costs, costs for leasing or purchasing assets, marketing and branding;

- bidding and administration costs – to bid for, award and manage contracts and operate EP arrangements.

1.3.5. Particular consideration should be given to the longer-term financial sustainability of the options – with a move to a system of franchising in particular being a long-term change that will need to be affordable and sustainable for the authority.

1.3.6. Specifically, the financial case element of the assessment should set out:

- a year-by-year cost analysis, broken down by capital and resource expenditure, for the Authority with an explanation of how these totals have been built up;
- assumptions on funding which will need to be identified from within the Authority in each of the relevant years and what funding will come from Central Government, for example, any assumptions about ongoing funding to support BSIP delivery, devolved BSOG and other existing and future Government funding schemes. Consideration should also be given to how on-bus revenue can be increased by encouraging greater bus use by fare-paying passengers;
- a year-by-year income forecast for the authority if relevant (for example if a gross cost franchise is proposed);
- whether the option requires additional borrowing by the authority and if so, what interest assumptions and repayment arrangements have been used;
- a summary of the key financial risks, particularly to any forecast income to the authority and including any quantified impacts and high-level mitigation plans.

1.3.7. Authorities should set out the capital, expenditure and income requirements over the appraisal period, together with an assessment of how the options would impact upon the balance sheet and income and expenditure statement of the Authority. Any requirements for external financing or additional funding must be set out, together with an explanation of how this will be secured.

1.3.8. Furthermore, the financial case should align with the economic case on a number of issues including[3]:

- Bus Service Operator Grant payments - the impact on funding to bus operators;
- Financial impact on bus users - the speed at which they will receive benefits from the measures set out in the BSIP;
- Impact on operator operating costs - impact on leasing of assets, staff, training and marketing;
- Impact on operator capital costs - investment in depot or buses;
- Impact on bidding and administration costs - the cost to operators to bid for contracts;
- Impact on operator margins - taking into account margins from COVID-19; and
- Environmental Impacts - such as changes in air quality due to changes in congestion.

1.4. Structure of this Financial Case

- **Section 2, Summary of West Yorkshire Combined Authority's Financial Position:** an overview of the Combined Authority's current financial position for transport overall; and an overview of the Combined Authority's current financial position for bus services in West Yorkshire, including current revenue expenditure.
- **Section 3, Sources of Funding and Financing:** existing sources of funding available to the Combined Authority; additional sources of funding that the Combined Authority could consider; and Sources of financing for costs which will be incurred in the options.
- **Section 4, Modelling Principles and Approach**: an overview of the modelling approach employed for the financial case; a description of the operating costs and revenues for bus services and how these are treated in

[3] Bus Assessment Economic Case, Annex C section 2.6

the financial model (including operator margin); and a description of other modelling assumptions employed, such as the approach to inflation and comparison of options.

- **Sections 5 – 7, Financial Case Analysis** sets out the analysis and results for Reference Case, Enhanced Partnership Plus and Franchising in turn, and in line with the requirements of the Franchising Guidance, includes: net cost of each option to the public sector including an affordability analysis (including a year-by-year assessment of costs, income, and budget);requirements for capital investment for depots and infrastructure, or revenue such as for additional staff (or associated TUPE / Pensions);implementation costs for the option; further financial considerations including VAT, working capital, accounting considerations, minimum revenue provision and long term liabilities; assessment of risk and resulting sensitivity analysis to quantify the risks.
- **Section 8, Regulatory Option Comparison:** provides a comparison of the regulatory options under different demand and funding scenarios.
- **Section 9, Financial Case Sensitivity Analysis:** provides an insight into the impact of sensitivities on the results shown in Sections 5 – 7
- **Section 10, Financial Case Conclusion:** provides the conclusion of the analysis.

2. Summary of West Yorkshire Combined Authority's Financial Position

2.1. Introduction

2.1.1. This section sets out the details of the current financial position of the Combined Authority. The information provided covers bus and other transportation types. We have looked at the current revenue, expenditure, transport levy and other forms of funding.

2.1.2. This Section includes:

(a) Total Combined Authority income and expenditure;

(b) Combined Authority transport levy - funding received from constituent authorities;

(c) The Combined Authority bus revenue and expenditure - revenue and expenditure directly relating to bus services in West Yorkshire.

2.2. West Yorkshire Combined Authority Expenditure and Funding

2.2.2. The data below covers the financial year 2021/22, which was the most recent complete year before this assessment was undertaken.

2.2.3. Revenue expenditure in 2021/22[4] was £94.9 million, of which 71% related to concessionary travel and subsidised bus services. The levy is the main source of funding, representing 97% of total funding. The levy is a statutory charge that is imposed by the Combined Authority on the constituent authorities listed in table 3 below and is used to fund transport related activities within West

[4] West Yorkshire Combined Authority - Annual Statement of Accounts, April 2021 to March 2022

Yorkshire. Each of these has a different contribution based on population size. The table below shows the breakdown:

Table 1 - Financials Budgeted versus Actuals 2021/22 Financial Year

	2021/22 Budgeted (£m)	2021/22 Actual (£m)	Variance (£m)
Funding			
Special Rail Grant (SRG)	0.9	0.9	-
LEP General Funding	0.5	0.6	0.1
Growing Places Fund Interest	0.8	0.9	0.1
Enterprise Zone Receipts	3.2	3.2	-
Transport levy applied	92.2	92.2	-
Transfer from / (to) reserves	0.0	(2.8)	(2.8)
Total	**97.7**	**94.9**	**(2.8)**
Revenue Expenditure			
Concessionary Fares	53.8	49.5	(4.3)
Subsidised Bus Services	17.0	17.6	0.6
Passenger Services	7.3	7.5	0.2
Rail SRG spend	0.9	0.9	-
Economic Services	1.2	1.3	0.1
Economic Services Strategy, Policy and Communications Corporate	7.0	5.3	(1.7)
Pension & Financing Charges	6.8	7.0	0.2

Corporate and Commercial Services	3.8	5.8	2.0
Total	**97.7**	**94.9**	**(2.8)**

Source: April 2021 - March 2022 Unaudited, THE COMBINED AUTHORITY, page 10

2.2.4. As can be seen in table 1 and table 2, £92.2 million of transport levy funding was used to support the revenue budget, with the balance being transferred to the West Yorkshire plus Transport Fund reserve

Table 2 - Financials Historical Actuals 2019/20 to 2021/22 Financial Year

	2019/20 (£m)[5]	**2020/21 (£m)[6]**	**2021/22 (£m)[7]**
Funding			
Special Rail Grant	0.9	0.9	0.9
LEP General Funding	1.5	1.7	0.6
Growing Places Fund Interest	0.7	0.3	0.9
Enterprise Zone Receipts	2.4	2.6	3.2
Transport levy applied	93.2	92.2	92.2
Gainshare grant	-	2.6	-
Transfer from / (to) reserves	(1.3)	(4.8)	(2.8)
	97.3	**95.5**	**94.9**
Revenue Expenditure			
Concessionary Fares	55.2	51.5	49.5

[5] West Yorkshire Combined Authority - Annual Statement of Accounts - April 2019 to March 2020
[6] West Yorkshire Combined Authority - Annual Statement of Accounts - April 2020 to March 2021
[7] West Yorkshire Combined Authority - Annual Statement of Accounts, April 2021 to March 2022

Subsidised Bus Services	17.0	20.2	17.6
Passenger Services	5.6	6.4	7.5
Rail SRG spend	0.9	0.9	0.9
Economic Services	0.9	0.9	1.3
Economic Services Strategy, Policy and Communications Corporate	4.8	5.0	5.3
Pension & Financing Charges	7.5	7.0	7.0
Corporate and Commercial Services	5.3	3.6	5.8
	97.3	**95.5**	**94.9**

Source: THE COMBINED AUTHORITY Statement of Accounts

2.2.5. Table 2 above shows that funding has declined by c.£2.4m since 2019/20. This is mainly due to a decline in the Levy given to transport.

2.3. Transport Levy

2.3.1. The Combined Authority set a transport levy of £97.9 million in 2021/22 (see Table 3), based on the latest published budget[8]. From 2018/19, the budgeted funding has decreased from £99.9 million to £97.9 million in 2021/22.

2.3.2. Out of the £97.9 million total net funding in 2021/22, £92.2 million was from the transport levy.

Table 3 - Budgeted Net Funding

Constituent Authority	2018/19 (£m)	2019/20 (£m)	2020/21 (£m)	2021/22 (£m)
Bradford	23.4	23.2	22.9	22.9

[8] West Yorkshire Combined Authority - Budget and Business Plan 2019/20
West Yorkshire Combined Authority - Budget and Business Plan 2020/21
2021/22 budgeted net funding provided by THE COMBINED AUTHORITY, 16th December 2022

Calderdale	9.0	8.9	8.8	8.8
Kirklees	18.4	18.2	18.0	17.9
Leeds	33.8	33.4	33.1	33.1
Wakefield	15.3	15.2	15.2	15.2
Total	**99.9**	**98.9**	**97.9**	**97.9**

Source: Budget and Business Plan 2019/20, page 11 & THE COMBINED AUTHORITY

2.3.3. Table 3 above shows that the budgeted funding has been declining as a whole by 1% from 2019/20 and 2% from 2018/19 to 2021/22. Between 2020/2021 and 2021/22, the budgeted funding was the same, although in real terms, this would be a decline in funding due to the inflationary impact.

2.3.4. It should be noted that there is a difference between the budgeted net funding in Table 3 and the actual funding in Table 2 as part of the annual levy is committed to funding a reserve to support borrowing costs in relation to the West Yorkshire plus Transport Fund.

2.4. Current Bus Services - Revenue and Expenditure

2.4.1. Section 2.2 above sets out the Combined Authority's expenditure on all travel services. Of the £94.9m in 2021/22, c. £79.7m (the net of Table 4 and Table 5) relates to the provision of bus services. The following table presents the composition of expenditure on bus services for the Combined Authority.

Table 4 – West Yorkshire Combined Authority 2021/22 Net Expenditure (£m)

Expenditure	2021/22 Net Expenditure (£m)
Payments to operators	31.6
Overheads	8.5

Concessionary Travel	49.5
Staff Costs	6.2
Prepaid Ticket Costs (netted off with pre-paid ticket income, see table 5)	20.4
Total 2021/22 Expenditure	**116.2**

Source: West Yorkshire Combined Authority Bus Budget.xlsx, 2022

2.4.2. The following paragraphs provide a short description of each of the above expenditure items.

Payments to operators

2.4.3. Transport Authorities can make payments to Bus operators for tendered services. These services (which are not commercially viable) rely on support from the Authority and are socially desirable but not commercially viable or attractive for operators to run. They often include additional departures (for example early morning or Sunday services) on otherwise non-viable routes, or in certain cases entire routes which would otherwise not be run by operators.

Overheads

2.4.4. The Combined Authority incurs internal costs to administer the bus network and associated support activities undertaken in-house. These costs include:

- Staff costs (including contract management, network and data, and compliance staff);
- General administrative costs (including, but not limited to, route management and route registrations);
- Bus station costs, resulting from the Combined Authority's ownership and provision of bus stations for use by operators; and
- Publicity and marketing costs.

Concessionary Travel costs

2.4.5. The Transport Act 2000[9] requires Travel Concession Authorities ("TCAs") to implement mandatory travel concessions which guarantee free off-peak local bus travel to eligible older and disabled persons in England as part of the English National Concessionary Travel Scheme ('ENCTS"). This covers journeys from 9.30AM to 11PM. Also covered in concessionary travel costs are Young People's Fares, a scheme lowering fares for passengers under 19, further detail of which can be seen in section 3.4.4 in the Commercial Case.

2.4.6. The Combined Authority also makes a discretionary provision for services after 11PM to close of service.

Income

2.4.7. To calculate the net expenditure figures, the income the Combined Authority receives from the following areas needs to be considered and can be seen in Table 5:

- Transport income;
- Funding - Grants;
- Recharges; and
- Operational Income.

Table 5 – West Yorkshire Combined Authority 2021/22 Income (£m)

Income	2021/22 Actuals (£m)
Transport Income (including pre-paid ticket income, netted off with pre-paid ticket expenditure, see table 4)	31.3
Grants - (BSOG)	2.1
Recharges (accounting treatment)	1.9
Operational Income	1.3
Total 2021/22 Income	**36.6**

[9] Transport Act 2000

Source: West Yorkshire Combined Authority Bus Budget.xlsx, 2022

Transport Income

2.4.8. The Combined Authority is currently receiving income in relation to transport which includes pre-paid ticket income which directly offsets the pre-paid ticket expenditure, concession and rental income, advertising income and income from schools services. In 2021/22, these incomes totalled £31.3m.

Grants - BSOG

2.4.9. In 2021/22, the Combined Authority received £2.1m of Bus Service operators Grant ("BSOG") which is a Central Government grant to bus operators. The majority of BSOG earned in West Yorkshire goes directly to commercial operators, and this smaller amount relates to services procured by the Combined Authority.

Operational Income

2.4.10. As well as receiving £1.0m in sundry income, the Combined Authority received contributions totalling £0.3m for Section 106 to cover the cost of providing transport infrastructure such as bus shelters and bus stops. This contribution is from planning related agreements, so will be time limited dependent upon the specific planning agreement.

3. Sources of Funding and Financing

3.1. Introduction

3.1.1. In this section, we consider:

- Existing sources of funding available to the Combined Authority;
- Additional sources of funding that the Combined Authority could consider; and
- Sources of financing for costs which will be incurred in the options.

3.2. Funding and financing

3.2.1. An important distinction needs to be made between the definitions of funding and financing as these are occasionally used interchangeably but have very different meanings.

- **Funding** is the source of income that pays, in this case, for bus services. At present the sources of funding for The Combined Authority's bus service interventions are the transport levy, some limited income from supported services, drawings on reserves and special grants from the Central Government (such as BSIP and ZEBRA funding).
- **Financing** is used to deal with any mismatch between the profile of funding available and spending requirements for ongoing costs or capital expenditure.

3.2.2. Under the Franchising Case, the Combined Authority will have an additional funding source (a much higher level of farebox, across all franchised services). However, it will also have greater ongoing obligations (the costs of contracting for all franchised services and additional management costs) and additional upfront costs which will need to be funded and potentially financed. These costs include:

- Transitional Costs (including Early Management Costs); and
- Asset Costs.

3.2.3. A substantial amount of these upfront costs will be incurred before the Combined Authority has access to farebox revenues - meaning that they will either have to be financed or an alternative funding source identified.

3.3. Sources of Funding

3.3.1. This section considers the sources of funding which are available to the Combined Authority in two parts:

- **Existing sources**: those that are currently used by the Combined Authority, and would continue to be used under franchising; and
- **Alternative Sources**: that could be used to fund improved bus services, some which are currently adopted and some which may want to be considered as additional by the Combined Authority are detailed within the three following categories of funding:
- Transport Levy;
- Central Government funding; and
- Other mechanisms

Transport Levy

3.3.2. As shown in Section 2, the 2021/22 Transport Levy applied to the revenue budget totalled £92.2 million. The Combined Authority uses the Transport Levy to fund its various transport related activities within West Yorkshire and is the primary source of funding available to support bus services and concessionary travel.

3.3.3. A key challenge that faces the Combined Authority is that the amount of Transport Levy that its constituent authorities can afford has been reducing in real terms over recent years. Table 2 in section 2.2.4 shows that in FY 2020/21 and 2021/22 the Transport Levy has remained at £92.2m, equivalent to a real term reduction.

3.3.4. This poses a challenge for the assessment. Therefore, an estimate needs to be made of what level of Transport Levy could be available, and what scenarios

for alternative levels of Transport levy need to be modelled to test whether the results show the same pattern for different levels of available funding.

Government Sources of Funding

3.3.5. At present the Combined Authority receives specific funding from Central Government which includes the following:

- **Bus Service Improvement Plan (BSIP)**: funding is being received under the DfT's Bus Service Improvement Plan scheme ("BSIP"), which is being utilised for the Mayor's Fares capping scheme among other initiatives (the BSIP scheme is set out in section 7.4 in the Strategic case). However, this initiative is time limited.
- **Zero Emission Bus Regional Areas (ZEBRA):** the Combined Authority has received funding from the DfT under their ZEBRA initiative to support the acquisition of 136 zero emissions buses that are being delivered. The funding covers 75% of incremental costs of these vehicles and associated equipment, compared with an equivalent diesel vehicle. This funding needs to be sought in competition with bids from other authorities in rounds of funding.

3.3.6. In future other sources of funding may be made available by Central Government.

Other Sources of Current Funding

3.3.7. The Combined Authority's other sources of funding include the following:

- **Fare box revenue**: for supported services, where services are contracted currently on a gross cost basis, the Combined Authority receives the farebox revenue.
- Bus Services operators Grant (BSOG): for the same supported services, the Combined Authority receives BSOG funding. For commercial services, operators currently receive BSOG directly, which helps make more services more commercially viable. Under franchising the allocation of this funding could be devolved to the Combined Authority, but for the purposes of this assessment, the Combined Authority has assumed that BSOG will continue

to be paid to operators, and this would be reflected in their charges under gross cost franchising. The Combined Authority has also assumed that an equivalent level to BSOG funding would be available for zero emissions fleet operations.

Other Mechanisms

3.3.8. It is also possible for the Combined Authority to consider additional mechanisms to raise funds directly in support of bus. These include raising a Mayoral Precept, which would be a separate charge on the council tax bill of council taxpayers. As an example, a Mayoral General Precept is used in Greater Manchester in 2023/24 where it supports the reform of bus services and the development of the 'Bee Network'.

3.3.9. Other mechanisms are also available to local authorities, such as business rate supplements or road user charging.

Financing and Use of Reserves

3.3.10. When determining whether expenditure associated with the options can be financed, the Combined Authority needs to consider affordability including the local authority debt cap which has been set. The Combined Authority should evaluate the impact on the debt cap as a whole rather than costs in isolation and whether additional borrowing will breach those limits. The current limit for the Combined Authority's debt cap is £248.3m which is subject to regular renegotiation with HM Treasury.

3.3.11. Financing should be applied to upfront costs which facilitate changes, and which can be repaid over time. For The Combined Authority such costs include:

- Transitional costs;
- Asset costs - including fleet and depot.

3.3.12. Most transitional costs do not qualify for Prudential Borrowing, so these are funded from other revenue funding sources (see 3.5 below).

3.3.13. The Combined Authority assumes that asset costs would qualify for Prudential Borrowing, and is in principle supportive of financing fleet and depot costs,

however, additional on-balance sheet borrowing will need to be assessed against the Combined Authority's debt cap limit and other prudential indicators.

3.4. Sources of Financing

3.4.1. The funding options available to The Combined Authority include:

- Prudential Borrowing;
  - Public Works Loans Board ("PWLB")
  - UK Infrastructure Bank (UKIB)
  - Private
- The Combined Authority reserves or other revenue funding sources.

Prudential Borrowing

3.4.2. Local Authority Prudential Borrowing has a set of rules for borrowing. Under the Prudential Borrowing framework[10], local authorities must follow the Prudential Code which requires them to make sure the borrowing undertaken is both affordable and prudential. Sources for prudential borrowing are described below.

PWLB

3.4.3. PWLB is a form of loan made to local authorities from the National Loans Fund. The PWLB has been carried out by the Debt Management Office (DMO) since 2002 and works within a framework set by HM Treasury.

3.4.4. PWLB interest rates are determined by HM Treasury in accordance with section 5 of the National Loans Act 1968. PWLB is a low-cost source of finance which can be used by the Combined Authority which may help the affordability of transitional and asset costs. Based on the loan assessed within the Financial Case for fleet, the rate for a 15-year annuity as at 25th April 2023 is 4.47% including a 0.2% concessionary rate reduction.

3.4.5. However, PWLB can be less flexible than other sources of Prudential Borrowing, especially in terms of grace period when farebox income may not

[10] Local Authority Prudential Borrowing

have built up to steady state levels. Under current terms, PWLB gives a 2-year maximum grace period.

UKIB

3.4.6. A new source of financing available to the Combined Authority for capital costs is Prudential Borrowing through the United Kingdom Infrastructure Bank ("UKIB").

3.4.7. This route is relatively new for financing in the bus market, but it has the potential to offer three key benefits over PWLB:

1. UKIB borrowing rates are marginally less than PWLB;
2. UKIB could offer more flexible lending terms - for example, offering sculpted repayment terms and longer grace periods;
3. UKIB will carry out due diligence on the specific lending proposition. While this will be more onerous in the short term, it provides the Combined Authority with a second opinion on the viability of repayment of the loans.

3.4.8. The Combined Authority has had early discussions with UKIB and, on the basis of these, chose to use UKIB terms for modelling the financing of fleet and depot. Rates for these are assumed to be 0.20% lower than the concessionary rate for PWLB.

Private Sector

3.4.9. Under Prudential Borrowing, local authorities can borrow through private institutions.

3.4.10. These loans could offer more flexible borrowing terms but would likely charge higher margins than PWLB and therefore offer lower value for money.

3.5. Reserves and other revenue funding sources

3.5.1. Reserves are a common way that Authorities can fund capital expenditure if free cash is readily available.

3.5.2. For EP+ and Franchising, the assessment assumes the Single Investment Fund[11] would be drawn on for transitional costs, many of which do not qualify as Prudential Borrowing.

3.5.3. Transitional costs for EP+ and Franchising include:

- Consultancy and management costs;
- Early mobilisation of procurement resources and additional management;
- IT system costs; and
- Provision for risk.

3.5.4. The Combined Authority has determined that of these, only IT systems costs would be able to be financed, and made the decision that all transitional costs should be assumed to be funded using reserves or other revenue sources through the Combined Authority's Single Investment Fund.

3.5.5. The details of how much funding from these sources will be required, and how they will be repaid are shown in the sections describing EP+ and Franchising below.

[11] Details of the Single Investment Fund and the arrangements by which the Combined Authority will direct and make decisions about funding are set out in the West Yorkshire Single Investment Strategy 2021-24

4. Modelling Principles and Approach

4.1. Introduction

4.1.1. This section sets out the approach the Combined Authority has taken to modelling the financial impact of the alternative bus service delivery options and associated initiatives. This builds on the approach to modelling of options undertaken within the economic case and includes:

- an overview of the modelling approach employed in the financial case and the different scenarios which have been developed;
- a description of the operating costs and revenues for bus services and how they are treated in the financial model; and
- a description of other modelling assumptions employed, such as the approach to inflation or comparison of options.

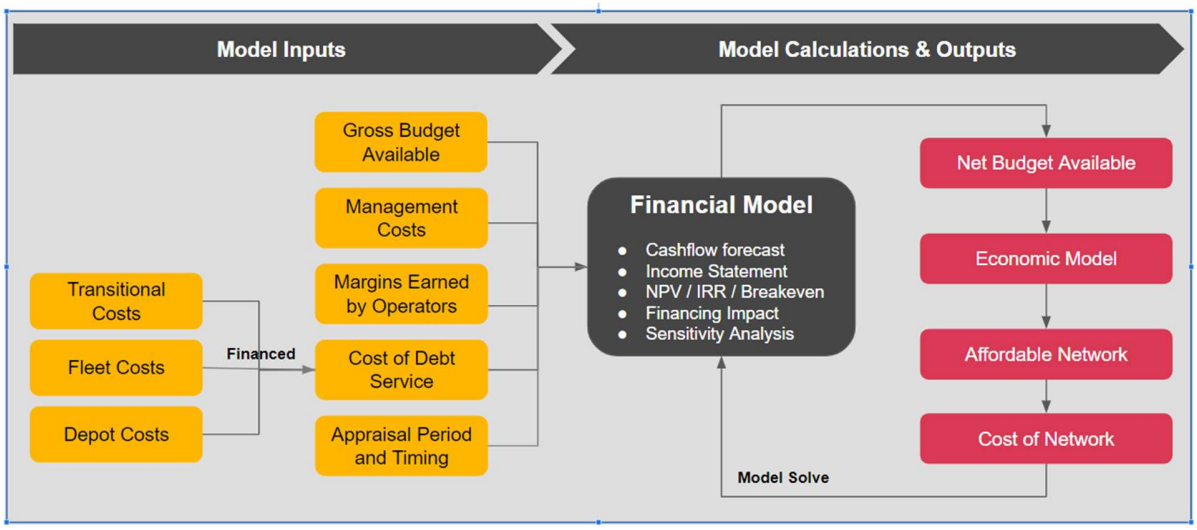
4.2. Structure of the Financial Model

4.2.1. The financial model used in this financial case relies on a number of inputs:

- The budget available for bus
- The internal costs for the Combined Authority to manage bus services (which vary between options)
- The costs and revenues of bus services which are produced by the forecasting model
- Margins earned by operators
- Indexation of costs and revenues
- The costs of servicing debt associated with each of the options
- Appraisal period and timing

4.2.2. These are combined in the financial model, the structure of which is described in Figure 1 below:

Figure 1 - Financial Model Structure



4.2.3. The financial model works out the nominal value of the budget available for each year, and then subtracts for each option the repayment of reserves or other revenue funding sources for transition costs, and the specific direct costs that the Combined Authority is forecast to incur under the option.

4.2.4. This creates a net budget for bus services for each year for each option. This is then used in the forecasting model to estimate the services that can be provided within the budget. The forecasting model then produces the revenues and costs associated with each option, which are transferred to the financial model to produce the cash flows for each option.

4.3. Overview of Modelling Approach

Equal Funding and Cost of Each Option

4.3.1. This financial case compares the financial impacts on the Combined Authority of the two different options for bus reform against the Reference Case of the existing Enhanced Partnership.

4.3.2. To make this comparison, it is important to consider that each option will deliver different outcomes. This is due to different priorities that the Combined

Authority would have compared with operators, and the differing levels of control that the Combined Authority has under each option. Therefore it is not possible to compare identical networks and bus offerings between different options and comparisons to the Reference Case is to view the potential added value.

4.3.3. Because of this, together with the scarcity of funds for supported services and the expectation of a continued drop in the background level of demand for bus (in line with the historic trend), the approach to modelling has been to seek to equalise the amount spent on each option, and compare the number of passengers being carried on the network (as a consequence of the different level of services provided).

4.3.4. The financial case does not attempt to quantify any benefits from the additional control that the Combined Authority would have over, for example, infrastructure improvements such as the implementation of bus priority schemes. The potential benefits are described in the strategic case.

4.3.5. The key question considered by this financial case is what level of bus service provision can be provided under each option for the same (or similar) amount of funding available.

4.3.6. It should be highlighted that all options show a continual reduction in bus usage. The reasons for this are set out in Section 5.4. This underlying assumption of a long-term downward trend in bus demand is applied equally to all of the evaluated options.

Comparing Options Under Different Scenarios

4.3.7. The benefits provided by each option will vary depending on the level of funding available and the level of demand for services.

4.3.8. Therefore, this assessment compares options across a range of scenarios. There are two types of scenarios: demand and funding.

Demand scenarios

4.3.9. In West Yorkshire, there has been a partial recovery of bus patronage from the impact of Covid-19.

4.3.10. For the period that data has been sourced for the forecasting model (2021/22), recovery had been lower, as there were still some Covid-19 restrictions in place for this period. Therefore, the forecasting model has assumed a step in demand to bring it to broadly current levels of patronage. Recent data for bus ridership in March 2023 indicates that demand has recovered to 85%[12] of pre Covid19 ridership, but to be conservative, the assessment increases the Central Demand level to about 80% of its pre Covid-19 levels.

4.3.11. For additional demand scenarios, the assessment assumes:

- For the central case ('Central Demand'), it is assumed that the base year is 2021/22 which is still impacted by COVID-19. From 2022/23, an uplift is applied to reflect recent recovery in demand, whereby a factor is applied to move from 70% to 80% recovery;
- For the low case ('Low Demand'), there is assumed to be no further recovery from COVID-19 post-2021/22.
- For the high case ('High Demand'), there is a 12.5% higher growth on pre-COVID-19 levels from the Central Demand.

4.3.12. Figure 2 below shows the level of passenger journeys under these three scenarios for the Reference Case for the assessment period from 2026 to 2041.

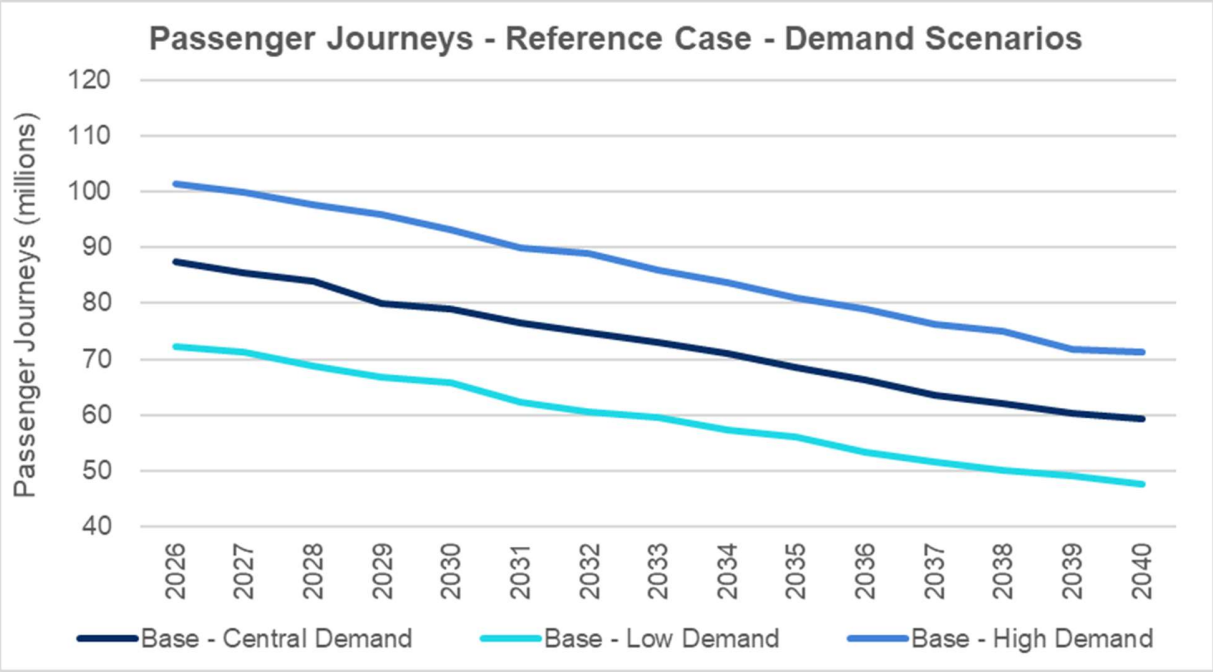
4.3.13. Note that:

- These figures are the outcome of passenger journeys for the three demand scenarios under the Base Funding Scenario (described below). They therefore reflect both the intrinsic changes to demand for bus services and the reduction in bus services, both of which will reduce passenger numbers.
- The passenger numbers decline in all scenarios as the difference between them is in the starting point for demand for bus services.
- The assessment assumes that the underlying demand for bus services is identical (within each demand scenario) for each of the regulatory options. Therefore, differences in outcomes of passenger numbers between the

[12] West Yorkshire Economic & Transport Insights Report: West Yorkshire Research & Intelligence Team

options is purely as a consequence of the service that is being provided under each option.

Figure 3 - Demand Scenarios for Reference Case Passenger Journeys



Funding scenarios

4.3.14. The Combined Authority and its Partner Councils face competing demands for funding. Therefore, it cannot be guaranteed that the current level of transport levy funding will be maintained in real terms.

4.3.15. It is also possible that the Mayor could use their powers to raise additional funds for bus services, or that there could be additional support from Central Government for services.

4.3.16. Therefore, the assessment considers three scenarios for funding which are described in section 4.4 below, and shown in below in Figure 4.

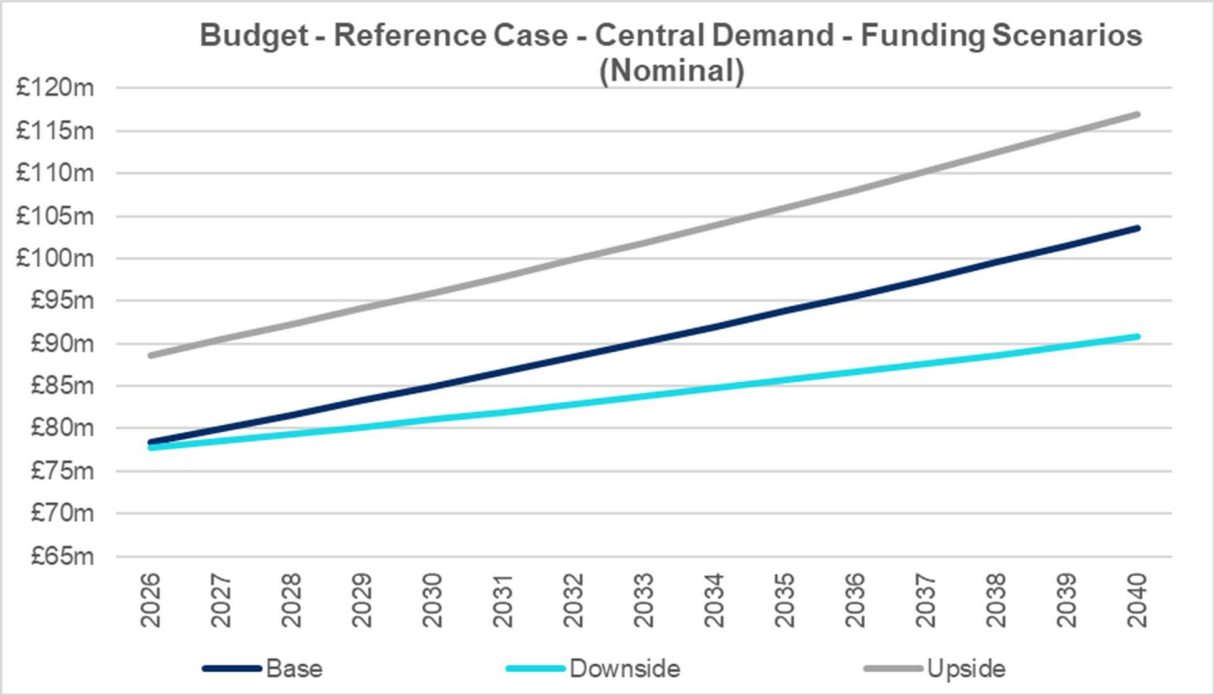
4.3.17. In summary the funding scenarios are:

- **Base Funding Scenario ('Base'):** Funding for bus services is maintained in nominal terms until 2025/26. The assumed level of funding available is

£76.93m (which is calculated from the most recent current spend but excluding costs and revenues from school services and other one-off adjustments). From 2026/27, this budget is assumed to grow at 2% per annum. This entails a cut in real terms from today's level as WEBtag forecasts of CPI and RPI are greater than 2% on average until 2027/28.

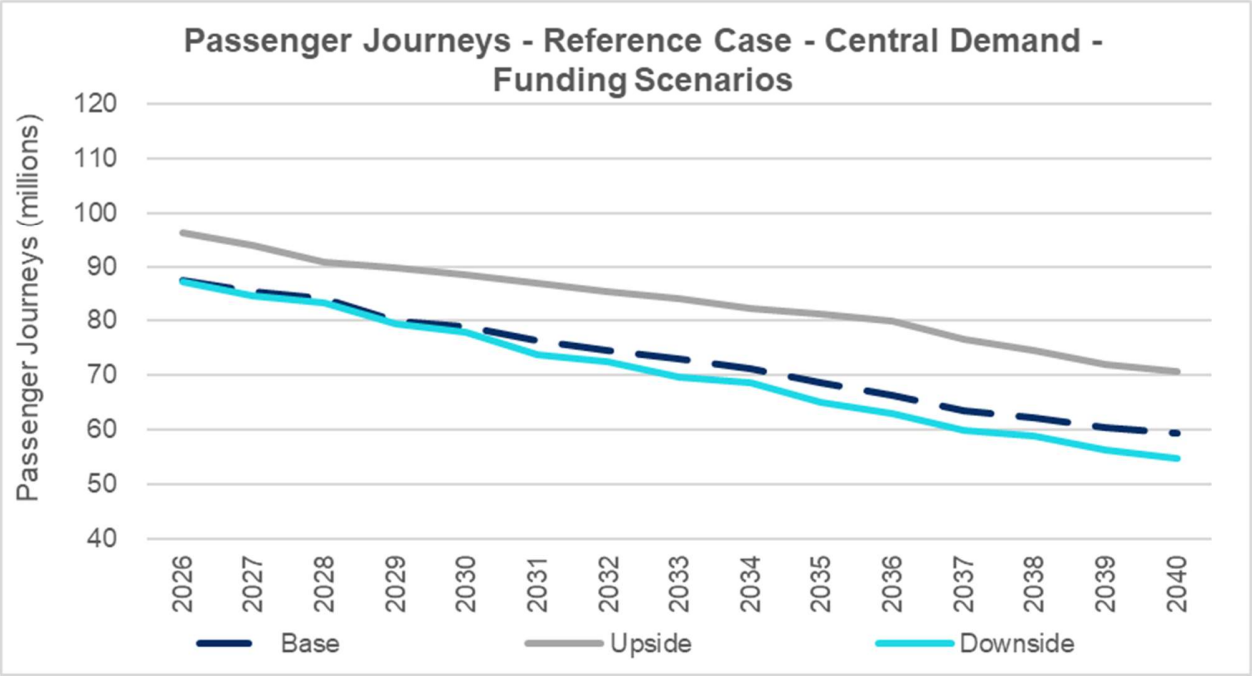
- **Downside Funding Scenario ('Downside'):** The part of the bus budget that is not used for concessionary travel would be frozen in nominal terms for the entire assessment period. The remainder of the bus budget would grow as for the Base Funding Scenario, from 2026/27. The proportion of bus funding assumed to be concessionary travel related is based on the 2021/22 budget. Therefore, after 26/27, this scenario would have the transport levy continually reduced compared with the Base Funding Scenario. The rationale for this approach is that the funding for ENCTS is provided through central government funding to the constituent authorities, and therefore is less likely in a downside to be reduced in real terms over the assessment period than the more discretionary spend on supported services.
- **Upside Funding Scenario ('Upside'):** Funding would be increased per annum by an amount (which would be indexed as in the Base Funding Scenario). This would reflect one of the alternative funding mechanisms described in Section 3 being made available. The amount chosen for the upside is assumed to be an additional £10m per annum, indexed from 2026/27.

Figure 4 - Comparison of Alternative Funding Scenarios (£m, nominal)



4.3.18. Figure 5 below illustrates the impact alternative funding would have on passenger journeys in the Reference Case. A reduction in funding would lead to fewer passenger journeys due to the need to cut services, whereas the opposite is true for increased funding where more services are available to the public.

Figure 5 - Passenger Journeys for Reference Case under Alternative Funding Scenarios



4.3.19. These two groups of scenarios; demand and funding, combine to provide nine separate scenarios for the financial case.

Additional Sensitivities

4.3.20. In addition to the scenarios, the assessment also considers the impacts of changes in key individual assumptions on the financial position of the Combined Authority. The results of these are shown in Section 9 of this financial case.

4.3.21. These sensitivities include different assumptions for:

- Different margins for franchised and supported services
- Changes to transition and management costs
- Interest rates
- Additional costs for fleet and depots
- Potential share of profits under an EP+

4.3.22. These are all carried out on the Central demand scenario and the Base funding scenario.

4.4. Budget Available for Bus

4.4.1. As discussed in section 3, the amount of transport levy funding for buses is uncertain, and therefore we have modelled three scenarios – a base, downside and upside funding scenario (as outlined in 4.3).

4.4.2. Figures 6a and 6b below show the total bus budget under each of the 3 funding scenarios, in nominal and real terms (discounted at RPI). Figure 6b demonstrates the decline in budget in real terms over the period.

Figure 6a - Budget for Bus Services for Reference Case (£m nominal, Central Demand, Funding Scenario)

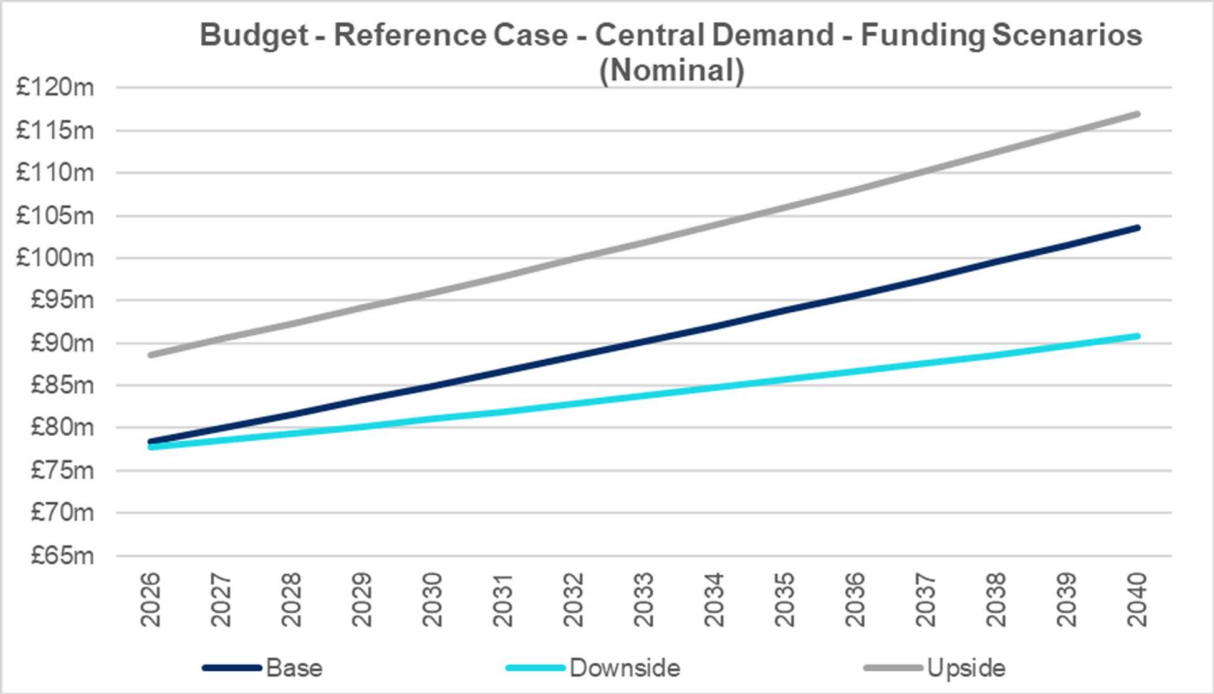
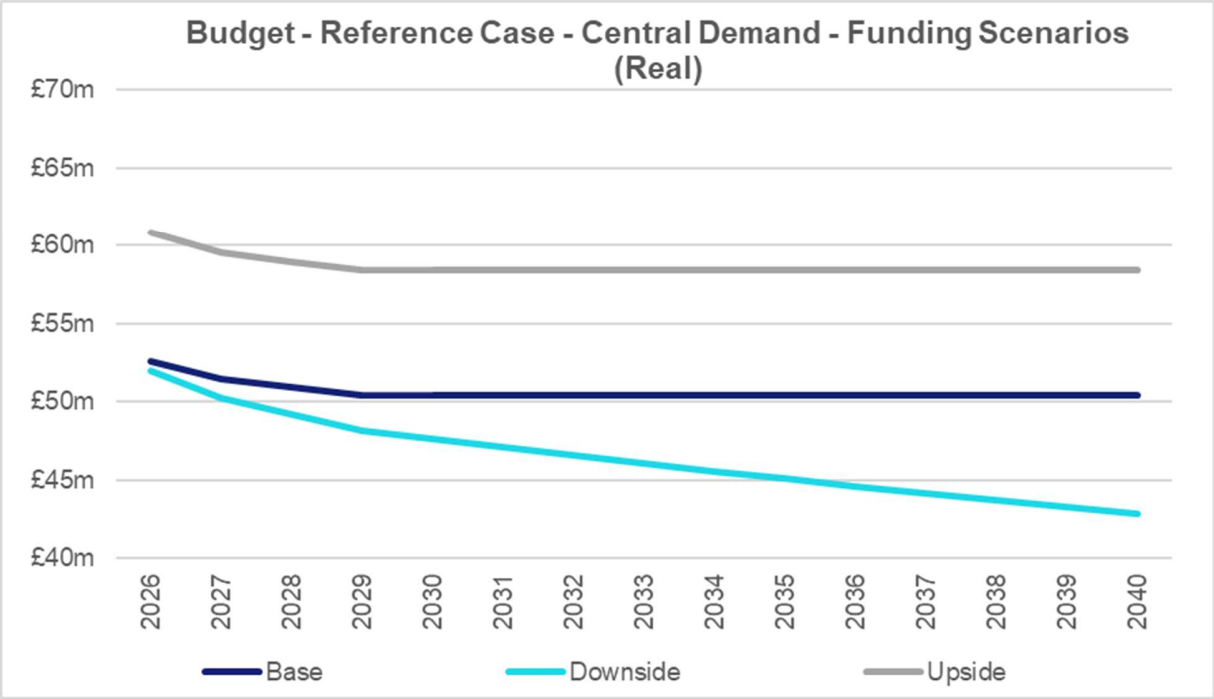


Figure 6b - Budget for Bus Services for Reference Case (£m real, Central Demand, Funding Scenario)



4.5. Internal Costs for West Yorkshire Combined Authority

4.5.1. Under all options, the Combined Authority has a range of activities to undertake and needs to provide for these.

4.5.2. The current internal costs which the Combined Authority pays for each year includes staff costs, overheads and bus station related costs. These come out of the same budget as concessionary payments and payment for supported services.

4.5.3. These costs are indexed, with separate indexation for staff related costs and other costs (see section 4.8 below). Therefore, as the Base Funding Scenario is declining in real terms, these costs will use a larger proportion of the bus budget.

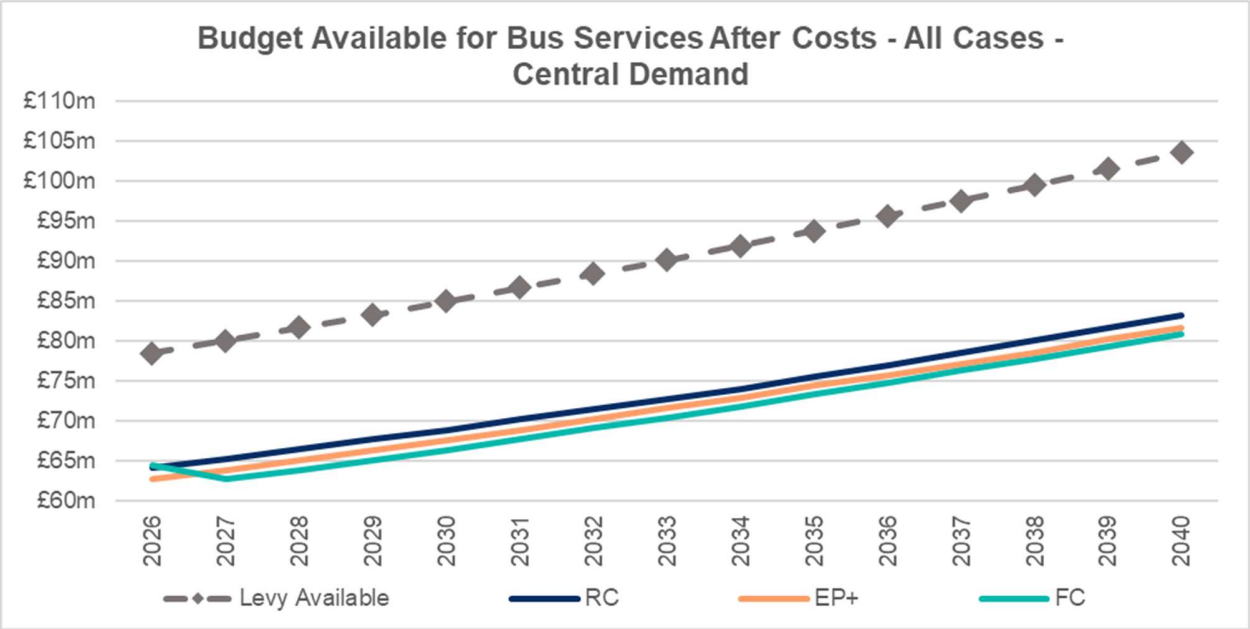
4.5.4. Additional internal costs are forecast to be incurred for the EP+ and Franchising. The amounts for each of these options are set out in Sections 6

and 7. For both options, there are increased management costs, and, where transitional costs have been funded by reserves or other revenue sources through the Combined Authority's Single Investment Fund, a repayment of such amounts to reserves is required..

4.5.5. Figure 7 below shows the impact of the different Combined Authority management costs and transitional costs associated with each option for the Base Funding Scenario. This shows that there is a reduction in the budget available for services in EP+ and especially for franchising, as a consequence of higher internal costs. Consequently, there is less budget available for bus services.

4.5.6. In addition, variable management costs are included if the proportion of supported services increases (see 4.9.9 below).

Figure 7 - Budget Available for Bus Services for Three Regulatory options (£m nominal, Central Demand, Base Funding Scenario)



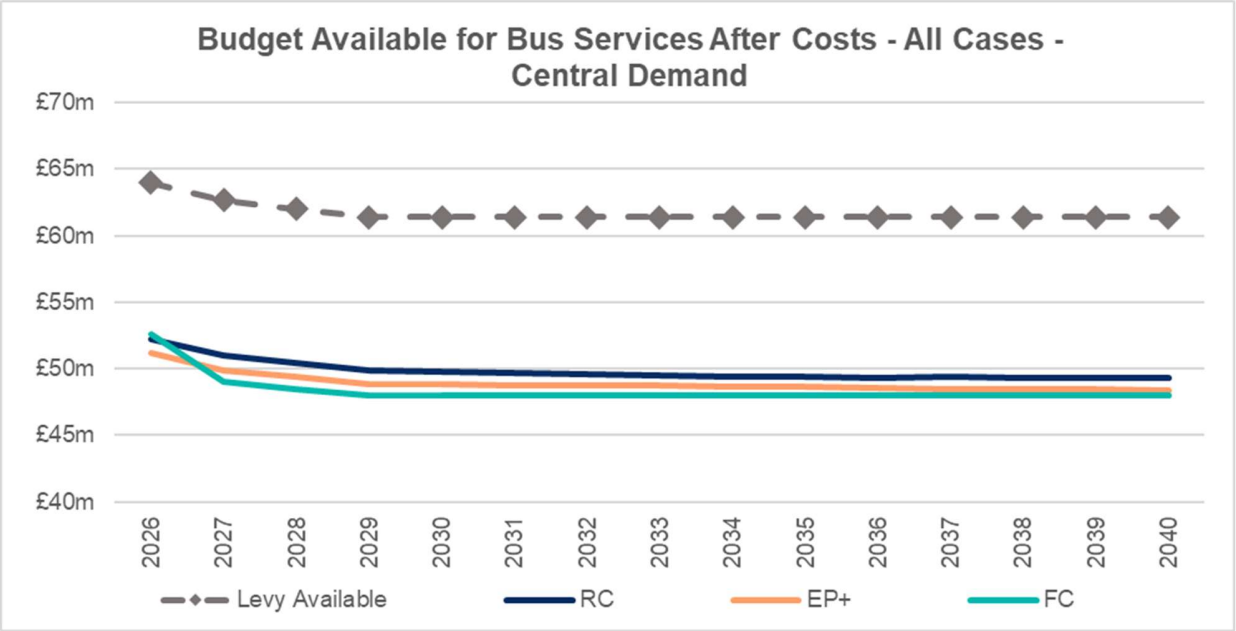
4.6. Costs and Revenues from Forecasting Model

4.6.1. The forecasts of revenues and costs from running bus services are developed within the economic case and these are then used as inputs into the financial case.

4.6.2. The economic case forecasts are based on data which is primarily provided by operators or otherwise obtained by the Combined Authority.

4.6.3. The forecasting model works entirely in 2021/22 prices. It uses the budget for each option shown in Figure 8, deflated to 2021/22 prices. This real budget for each option is shown in the graph below.

Figure 8 - Budget Available for Bus Services after Direct Combined Authority costs (£m real 2021/22, Central Demand, Base Funding Scenario)



4.6.4. The forecasting model uses assumptions for budget, costs and demand for bus services, and forecasts the level of network that can be provided for the the two different options for bus reform and the Reference Case.

4.6.5. Each forecast consists of annual cashflows in real terms for commercial services, supported services and franchised services. The forecasts are broken down into operating costs and farebox revenues and concessionary payments. All numbers sourced from the forecasting model are in 2021/22 prices and are subject to RPI indexation in the financial model (which contrasts with the lower indexation rates applied to levy income and other costs).

4.7. Margin earned by operators

4.7.1. A key assumption that drives the outputs of the financial analysis is the margin required by operators.

4.7.2. This is the amount of revenue that the operator takes for profit. It is expected that this will be lower for gross cost contracts under franchising, compared with

that earned on commercial services, reflecting the lower risk for the operators. The margin assumptions used in each of the option are described below.

Reference Case and Enhanced Partnership Plus

4.7.3. Commercial services earn a margin through the difference between farebox revenue and operating costs. As stated in the economic case, the forecasting model estimates the level of demand for services and then trims services to achieve an overall target return.

4.7.4. For supported services the Combined Authority has considered various factors which affect the margin to apply to supported services. Nearly all of the current supported services provided are either on a net cost or de minimis payment basis, so there is little data for margins on gross cost contracts (and these contracts do not always show a margin). Given that supported service contracts are likely to be simpler than franchise contracts, without the same performance mechanism, there is an argument for the margin to be lower than for franchised contracts. However, given the expectation that there would be a greater number of supported services contracts in future, and that competition is likely to be limited (as there would be none of the interventions to increase competition that are proposed for franchising in the commercial case), the Combined Authority has decided to use the same margin for supported services contracts as for franchised contracts. This is a margin of 7.5% and the rationale for using this for franchised contracts is set out below.

4.7.5. This assumption applies to supported services under the Reference Case and EP+, and for non-franchised services during the transition period for franchising.

Franchising

4.7.6. In choosing an assumption for the margin for Franchised services, the Combined Authority has considered data available from the Bus Industry

Performance 2020[13] report and the GMCA Bus Franchising in Greater Manchester Assessment[14].

4.7.7. The former suggests that margins for operators outside London should be between 7.5% and 8.0%[13]. These are for primarily commercial services where revenue risk, fleet ownership and depot ownership are the responsibility of operators.

4.7.8. The GMCA business case also assumes a margin of 7.5%[14] for Franchised services on a gross cost contract basis. The structure proposed in the GMCA case is different from the Combined Authority's proposal, with fleet being procured by the private sector. It is possible that the approach being proposed by the Combined Authority reduces risk for bidders and will reduce barriers to entry. However, there is no simple link between specific risks and margins. Early indications from Greater Manchester are that bids received are broadly consistent with the forecast. The Combined Authority has not received any specific feedback on margins with operators in market soundings.

4.7.9. On this basis, The Combined Authority has assumed that an operating margin of 7.5% will be charged by operators for all franchised services.

4.8. Indexation

4.8.1. Each element of income and expenditure is subject to indexation.

4.8.2. Cost and revenue assumptions in the financial case have a range of different base price dates. The indexation applied to each item of income and expenditure item is set out below in Table 7.

4.8.3. For data that is sourced from the economic model, RPI is applied, in line with Green Book guidance. The Combined Authority has made specific assumptions for labour cost and levy changes, and all others are linked to CPI.

Table 7 - Model Element Price Date and Inflation Assumptions

Income/ Expenditure Element	Base Price Date	Inflation Assumption	Source

[13] Bus Industry Performance Report 2020
[14] Greater Manchester Combined Authority Franchising Assessment

Levy	2025/26[15]	2% per annum	Combined Authority Assumption
Farebox Revenue	2021/22	RPI	A5.3.1, TAG data book with smoothing
Concessionary Travel	2021/22	RPI	
Operator Costs	2021/22	RPI	
Combined Authority sundry costs	2021/22	CPI	
Combined Authority staff costs	2023/24[16]	2% per annum	Combined Authority Assumption
Transition Costs	2023/24[17]	CPI	A5.3.1, TAG data book with smoothing
Asset purchases	2023/24	CPI	

4.8.4. Table 8 below shows the data from WebTag table A5.3.1 and shows how the expenditure and revenues in the model are indexed.

4.8.5. 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. The values for RPI and CPI used in this analysis use the smoothed figures.

Table 8 - Inflation Assumptions for CPI and RPI per Year (including Smoothed)

Year	**Inflation Assumption** A5.3.1, TAG data book		**Smoothed Inflation Assumption**	
	CPI	**RPI**	**CPI**	**RPI**
2022/23	10.13%	12.99%	2.80%	4.17%
2023/24	5.46%	8.30%	2.80%	4.17%
2024/25	-0.01%	0.53%	2.80%	4.17%

[15] 2025/26 is the Base Date for Transport Levy indexation
[16] 2023/24 is the Base Date for staff cost indexation
[17] 2023/24 is the Base Date for transition cost indexation

2025/26	-1.01%	-0.46%	2.80%	4.17%
2026/27	0.80%	1.63%	2.80%	4.17%
2027/28	1.84%	2.69%	2.80%	4.17%
2028/29	2.00%	3.05%	2.00%	3.05%
2029/30 thereafter	2.00%	3.04% reducing to 2.00% from 2031/32	2.00%	3.04% reducing to 2.00% from 2031/32

4.9. Transition and Management Costs

Transition costs

4.9.1. EP+ and Franchising both involve transition costs as part of the process of moving to those options from the Reference Case. As is discussed in Section 3 of the management case, Franchising has a four-year transition period, whereas EP+ has a two-year transition period.

4.9.2. Transitional costs for both EP+ and Franchising are assumed to be funded from reserves or other revenue funding sources with repayment to reserves over 15 years.

4.9.3. Transitional costs which do not fall in the transitional period and fall into the start of EP+ or Franchising are expensed and not subject to the annuity repayment.

4.9.4. The specific values for EP+ and Franchising are included in sections 6.3 and 7.3 respectively. The categories of transition costs are set out in the table below:

Table 9 - Transition Cost Categories

Transition cost category	
EP+	***Franchising***
Preparation and implementation	Consultancy and management costs of transition

Periodic renegotiation and ongoing partnership management	Early mobilisation of procurement resources
Route registration function (transfer)	IT system costs
IT provisional costs	Provision of risk

Management Costs

4.9.5. Basic management costs are calculated individually for the EP+ and Franchising options, and the Reference Case is based on existing Combined Authority management costs.

4.9.6. Non staff costs are set at the same level for both EP+ and Franchising options as the Reference Case, but there are differences in staff costs reflecting the larger number of staff required to manage EP+ and Franchising options.

4.9.7. Staff costs differ for EP+ and Franchising during the Transitional period (when there is an incremental increase in staff / management costs whilst the option is being established) and in steady state when operations of the new option have been established.

4.9.8. For each of the EP+ and Franchising options, an estimate of staff costs has been made in the management case to reflect the responsibilities of the Combined Authority, with current levels of bus services. In both the Reference Case and EP+, there is the possibility that supported services as a proportion of all services increases, as fewer commercial services are viable. As the level of supported services rises, there will be an additional cost to the Combined Authority of managing these services.

4.9.9. To estimate these additional costs, the Combined Authority has considered how much management cost is required under franchising and estimated an additional rate that would equalise management costs if all services under EP+ were supported. This results in an additional amount of management costs of just over 1% of supported services costs as additional variable management costs, and a rounded down assumption of 1% of supported services costs is included in the financial assessment for both the Reference Case and EP+.

4.10. Costs of Servicing Debt Flows

Fleet and Depot

4.10.1. For the Franchising option, the Combined Authority assumes it will make capital investments in areas such as fleet and depot to support its wider commercial objectives under Franchising. The parameters for this are included in 7.3 below.

4.10.2. For the Reference Case and EP+ all fleet and depots are assumed to remain with the private sector.

4.10.3. It should also be noted that the amount of zero emission fleet purchased is assumed to be the same for the Reference Case and both reform options, although the purchase mechanism is different between Reference Case and EP+ and then Franchising.

4.11. Appraisal Period and Timing

4.11.1. The appraisal period for the financial case has been set at 15 years, beginning from April 2026 and ending in March 2041.The start date for this has been selected as it is the earliest of the two assumed commencement dates of EP+ and Franchising. Any costs associated with either alternative option to the Reference Case before this date have been capitalised and amortised within the appraisal period.

4.11.2. The 15-year period has been selected for the financial assessment as it is the assumed bus life cycle, and covers more than one of the assumed franchise periods (7 years).

4.11.3. The model works on an April to March financial year.

4.11.4. The model assumes a decision on Franchising is made before April 2024, that there is an 18-month planning period, a nine-month procurement period and a nine-month mobilisation period for each round of contracts. This is in line with Section 3 in the Management Case.

4.11.5. This results in the assumption that the first franchised services commence in April 2027, and that all lots are let by October 2028.

4.11.6. For EP+, it is assumed that if the decision to go ahead with this option is made by March 2024, that there is a two-year period of negotiation, planning and implementation before all of the possible benefits will be delivered.

5. Financial Case Analysis - Reference Case

5.1. Introduction

5.1.1. The Reference Case is based on the continuation of The Combined Authority's current bus services arrangements set out in the Strategic Case and built up in the other Cases of the Assessment.

5.1.2. The structure of this section is as follows:

- Description of Combined Authority income relating to bus services under the Reference Case;
- Description of the Combined Authority expenditure relating to bus services under the Reference Case; and
- The forecast financial impact on the Combined Authority over the appraisal period.

5.2. Income - Reference Case

5.2.1. Under the Reference Case, the Combined Authority receives limited revenue from bus services as a result of services being predominantly run commercially by operators who collect and retain farebox revenue.

5.2.2. However, there are a number of income items to the Combined Authority, including;

- Revenue from tendered supported services (some of which are let on a gross cost contract basis);
- Bus Services operators Grant (relating to the above gross cost contracted services);

- Payments from operators to use the Combined Authority owned bus stations.

5.2.3. As well as the above items, the Combined Authority also receives income in the form of the Transport Levy from each of its constituent authorities.

5.3. Expenditure - Reference Case

5.3.1. In the Reference Case, the Combined Authority's expenditure is made up of the following items:

- Supported services payments to operators;
- Concessionary Travel payments to operators;
- Capital Maintenance Costs;
- Combined Authority staff costs (including bus station operations, passenger information, contract, network and data and compliance staff);
- General admin and office costs; and
- Publicity and marketing costs.

5.4. Reference Case Results

5.4.1. Figure 10a and 10b below shows the forecast profile of the overall budget available for bus, and the net amount available (after the Combined Authority's internal costs) to pay operators concessionary travel and supported service payments. When converted into real terms (using RPI), shown in Figure 7b, the amount available in 2021/22 prices is declining year on year. A full cashflow statement is included in the appendix to the Financial Case.

Figure 10a - Enhanced Partnership/ Reference Case Transport Levy (£m, nominal)

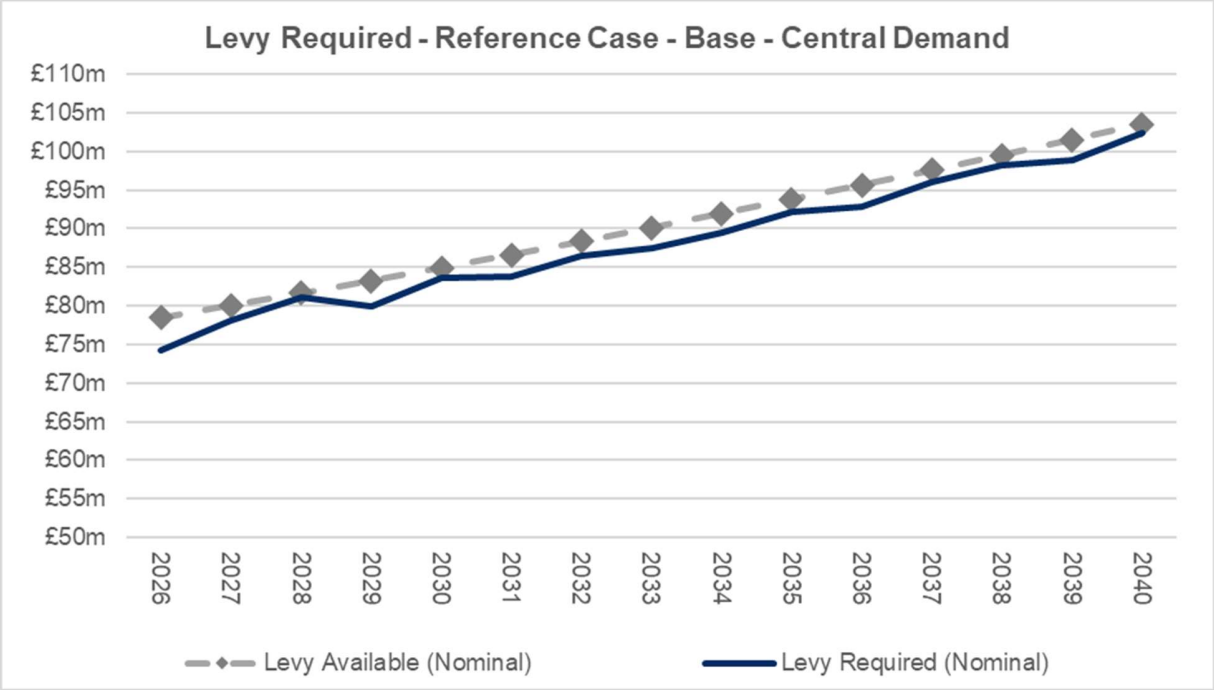
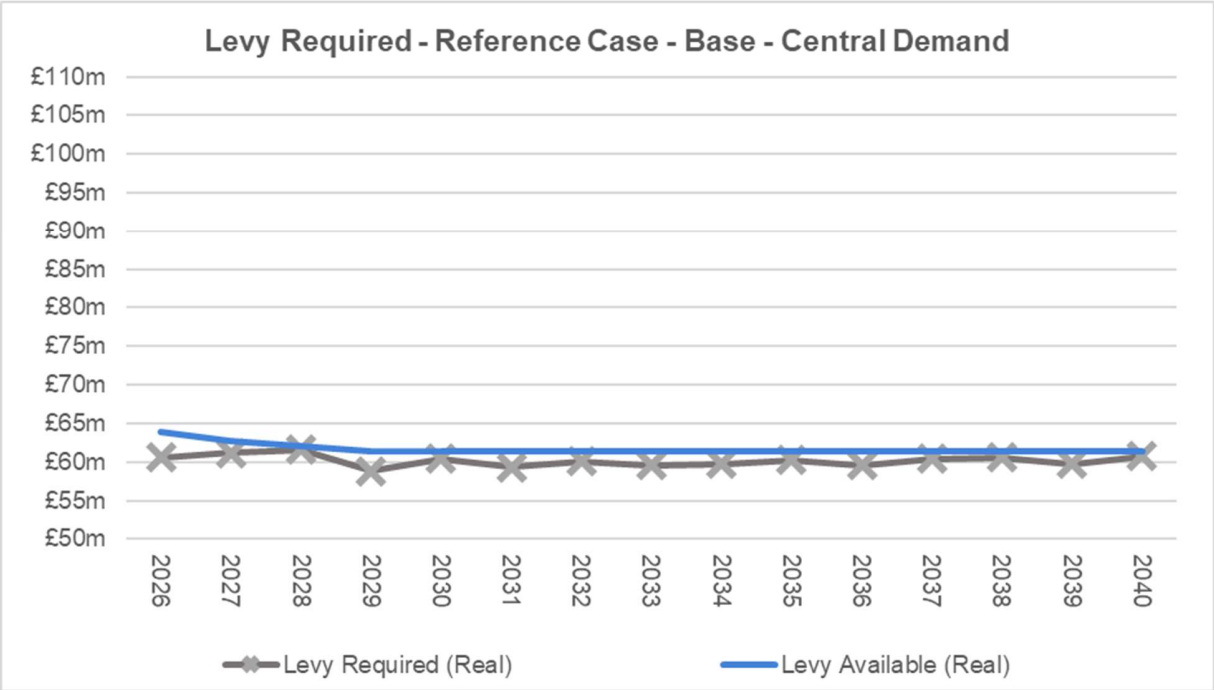


Figure 10b: Enhanced Partnership/ Reference Case Transport Levy (£m, real)



5.4.2. In the forecast for the Reference Case, there are no structural changes to the use of funds for the Combined Authority, other than an assumption that, in future, supported services would be let on a gross cost contract basis.

5.4.3. However, the impact of reduced demand on the bus sector means that there are significant impacts on how the Combined Authority budget is spent.

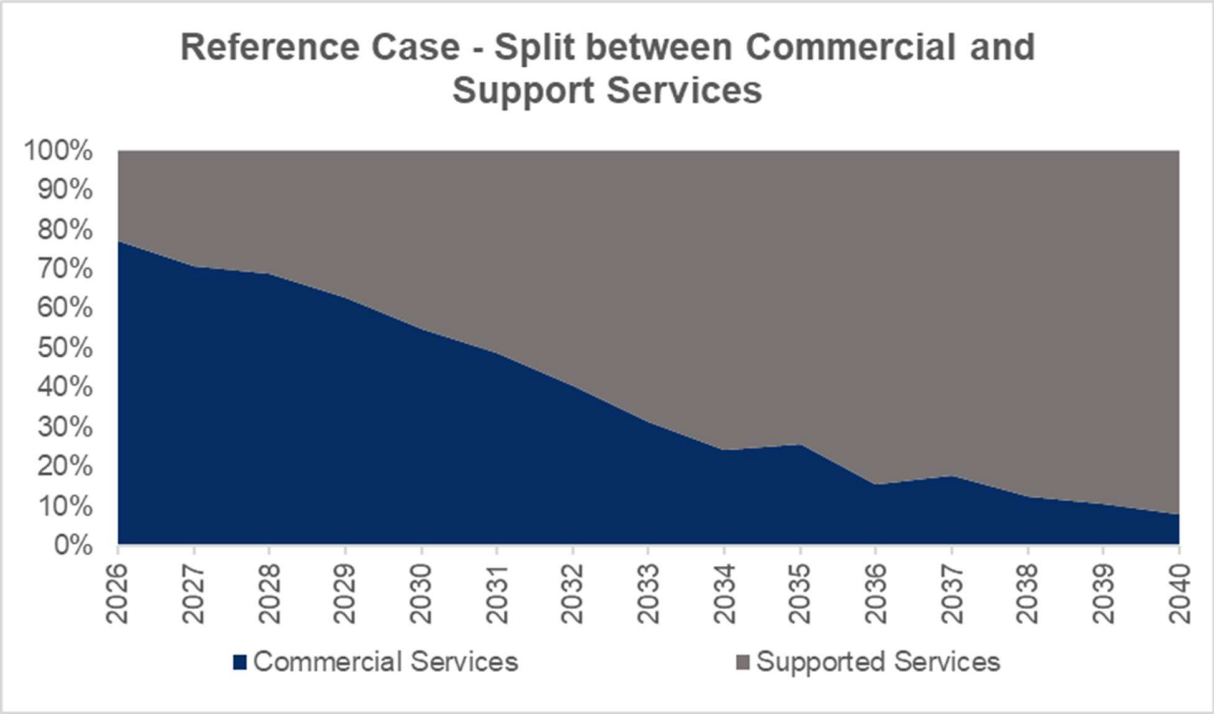
5.4.4. Figure 11 below shows in nominal terms how the split between expenditure on internal costs, concessionary travel and supported services costs change over time.

5.4.5. There are a number of effects that lead to this outcome:

- The profitability of commercial services is reducing. This leads to operators trimming commercial services.
- With fewer commercial services, a smaller level of Concessionary Travel needs to be paid to commercial operators.
- Many of these formerly commercial services are then adopted as supported services.
- These services require subsidy.

5.4.6. Over time, this results in the balance between commercial and supported services changing. This is shown in the diagram below.

Figure 11: Reference Case - Split between Expenditure Commercial and Supported Services (Nominal Expenditure)



5.4.7. One of the consequences of this is that there would be an increase in the administrative burden for the Combined Authority of managing more supported services, and this has been reflected in the variable management costs for the Reference Case (4.9.9).

Impact on passenger numbers

5.4.8. The forecasting model works on the basis of maintaining an affordable bus network. However, due to the decline in background demand and the increase in bus operating costs in real terms, the number of viable commercial services reduces (as shown in Figure 11). While there is an increase in supported services, the amount available is constrained by the decline of the bus budget in real terms.

5.4.9. This results in a decline in the number of passengers carried. This is due to both the drop in demand and the reduction in opportunities to travel.

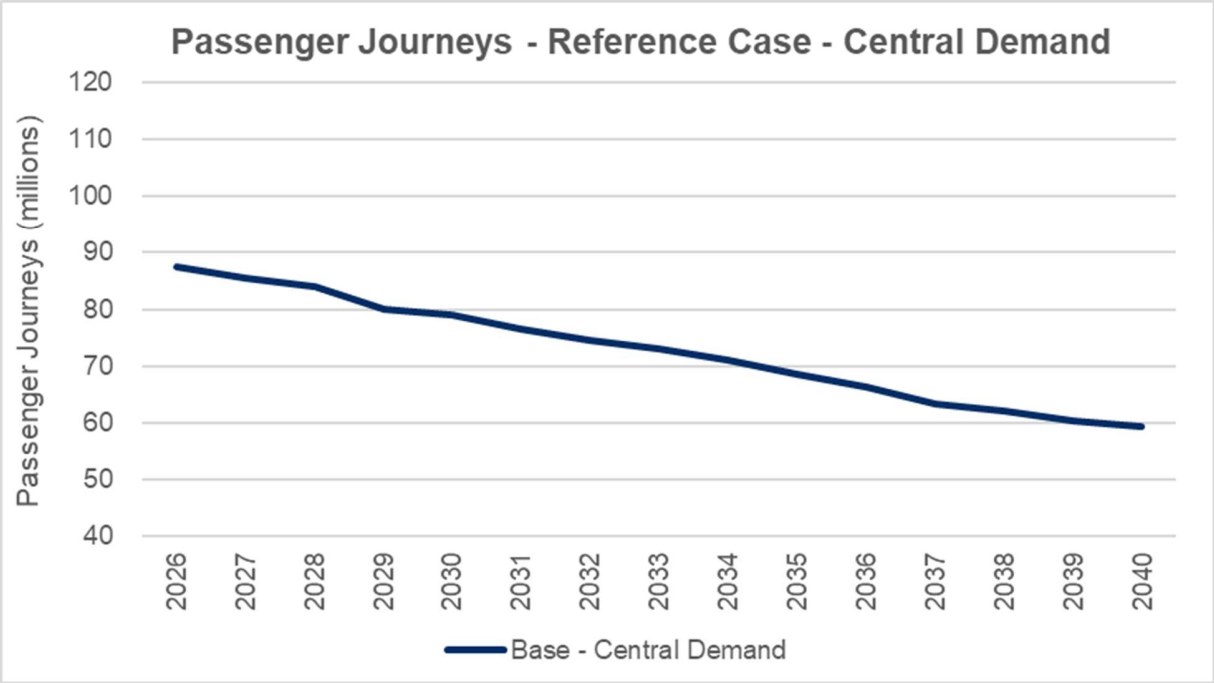
5.4.10. Figure 12 below shows the number of passenger journeys for this scenario. This shows a continual reduction in bus usage, which is consistent with the assumptions outlined in the strategic case, namely:

- a reduction in demand for bus services;
- increasing real costs of providing bus services;
- a real decrease in funding; and
- no specific interventions to reverse the decline.

5.4.11. These underlying assumptions on long term trends are applied in the same way for all of the evaluated options. The consequences of this are:

- The forecast assumes an ongoing reduction in underlying demand over time;
- Together with increases in underlying costs of providing bus services, this reduces the viability of commercial services over time and leads to service withdrawal;
- As the level of supported services that can be funded by the Combined Authority is constrained by the reduced funding available through the Transport Levy, this will lead to a reduction in the scale of the network; and
- The reduction in opportunities to use buses leads to a further reduction in passenger numbers.

Figure 12 - Reference Case Passenger Journeys



5.4.12. As illustrated in Figure 12 above, under the Reference Case c. 87.5m passenger journeys per annum in 2026/27 is forecast to reduce to less than 59.3m by 2040/41, as a result of the consequences set out above at 5.4.11.

5.4.13. Further analysis of the impact on passenger journeys under multiple scenarios are shown in Section 8 below.

5.5. Reference Case Risk Analysis

5.5.1. The risks that operators and the Combined Authority are exposed to under the Reference Case are well understood as they are normal operating practice. The operators take revenue and operational risks in normal circumstances.

5.5.2. The Combined Authority currently takes risk on what it spends its bus budget on, and this primarily relates to the provision of supported services.

5.5.3. The key risks that affect the level of passenger journeys are the background level of demand and the amount of funding available for concessionary travel and supported services. Reductions in either of these would lead to fewer journeys being made. The impact of these are tested under the scenarios, with

the results set out in Section 9 and compared with the equivalent result for the two reform options.

5.5.4. An additional risk that relates to the Reference Case is the impact of there being many more supported services forecast in the future. At present many supported services are provided by smaller operators - in future if the forecasts are correct, it is likely that many will need to be provided by larger operators, as there will be insufficient capacity available from smaller operators. Unlike franchising, the assessment does not assume any interventions to reduce barriers to entry for operators new to the region.

5.5.5. Therefore, the growth in contracted services may bring a risk that there will be limited competition for contracts, and that operators will require a higher margin than forecast. The impact of this on the Reference Case is discussed in Section 9.

5.6. Reference Case Conclusion

5.6.1. The primary conclusion of the above analysis is that if the bus service is to remain affordable, there would need to be a reduction in services, which will lead to a reduction not only in bus mileage, but also in passengers carried.

5.6.2. One of the primary purposes of the analysis of the Reference Case is to provide a benchmark based on common assumptions for the alternative regulatory options, and the following sections provide a comparison to the Reference Case.

6. Financial Case Analysis - Enhanced Partnership Plus

6.1. Introduction

6.1.1. The EP+ option is similar to the Reference Case, in terms of the Combined Authority's structure of income and expenditure.

6.1.2. This section sets out the following details and results:

- Description of income from bus services under EP+ for the Combined Authority;
- Description of expenditure relating to bus services under EP+ for the Combined Authority; and
- The projected financial impact on the Combined Authority (net position) over a 15-year period (the appraisal period).

6.2. Income - EP+

6.2.1. In the EP+ option, income sources for the Combined Authority have the same structure as the Reference Case. Services would continue being predominantly run commercially by operators that collect farebox revenue. An operator has proposed in their letter of commitment on EP+ that a profit share mechanism could be built into EP+, so this has been tested as a sensitivity (see section 9.4).

6.3. Expenditure – EP+

6.3.1. Under EP+, the Combined Authority's expenditure profile would be similar to EP but would include additional transitional and management costs.

6.3.2. Transitional costs would include:

- Supported services payments to operators;
  Capital Maintenance Costs;

6.3.3. As none of the transitional costs would qualify for Prudential Borrowing, it is assumed that these are raised from the Single Investment Fund and repaid to reserves over the appraisal period.

6.3.4. Additional management costs would include:

- Combined Authority staff costs (including contract, network and data and compliance staff);
- General administrative costs (including, but not limited to, route management and route registrations);

6.3.3. Management costs are estimated to be £1.1m more per annum than the Reference Case (in 2023/24 prices).

6.3.4. Table 9 shows the required drawdown of reserves for transitional costs over the appraisal period and the management costs over the appraisal period.

6.3.4. Unlike Franchising, the Combined Authority would not directly finance capital investment in fleet and depot, other than facilitating grants from Central Government.

Transition costs

6.3.5. As discussed in 4.9.2 EP+ requires funds to be made available for transition costs.

6.3.6. The tables below set out the assumed transition costs for EP+, (including the additional management costs described in section 4.9).

Table 9 - Assumed Transition Costs for EP+

Implementation costs	2024/25	2025/26	Total
£m real, 2023/24			
Route registration function	0.03	0.03	0.1
IT provisional costs	0.1	-	0.1

Management costs

6.3.7. Under EP+, all of the direct costs that the Combined Authority incurs under the Reference Case would continue, and there would be additional management costs.

6.3.8. Additional management costs during the period 2024/25 to 2025/26 are assumed to be funded as transitional costs (see 4.9 above). These transitional management costs are shown in the table below.

Table 10 - Assumed Additional Management Costs for EP+

Additional Management costs during transition	2024/25	2025/26	Total
£m real, 2023/24			
Additional management costs during transition	0.6	1.1	1.7

6.3.9. From 2026/27 until the end of the appraisal period, there are forecast additional management costs of £1.1m per annum (real 2023/24), which are indexed and expensed.

6.4. Enhanced Partnership Plus Results

6.4.1. The income and expenditure components outlined above have been modelled annually to forecast the net expenditure position for the Combined Authority under EP+. A full cashflow statement is included in the appendix to the Financial Case.

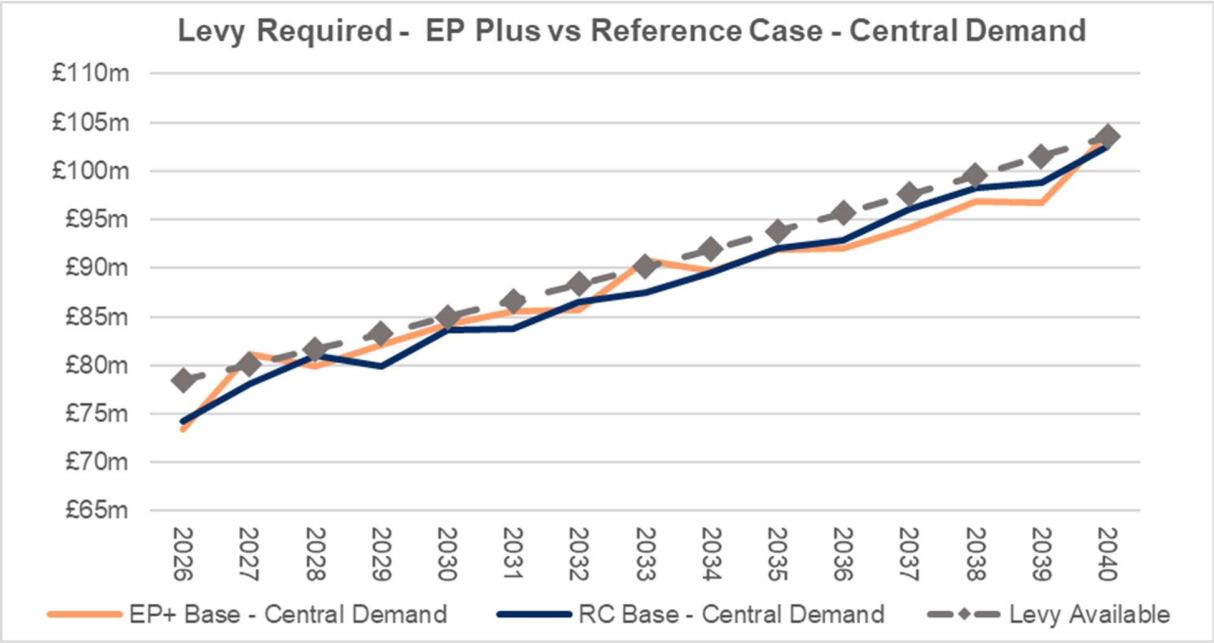
6.4.2. Figure 13 below shows the amount spent in the EP+ option per annum, compared with the budget available and the amount spent in the Reference Case.

6.4.3. Figure 13 shows that the amount spent on bus services under EP+ closely tracks the Reference Case. However, less money is available for bus services than under the Reference Case as:

- EP+ would require an increase in staff costs of c.£1.1m per year (real 2023/24);

- EP+ needs to recover the amounts used for transition costs.

Figure 13: Enhanced Partnership Plus Budget for Bus Services versus Reference Case (£m, nominal)

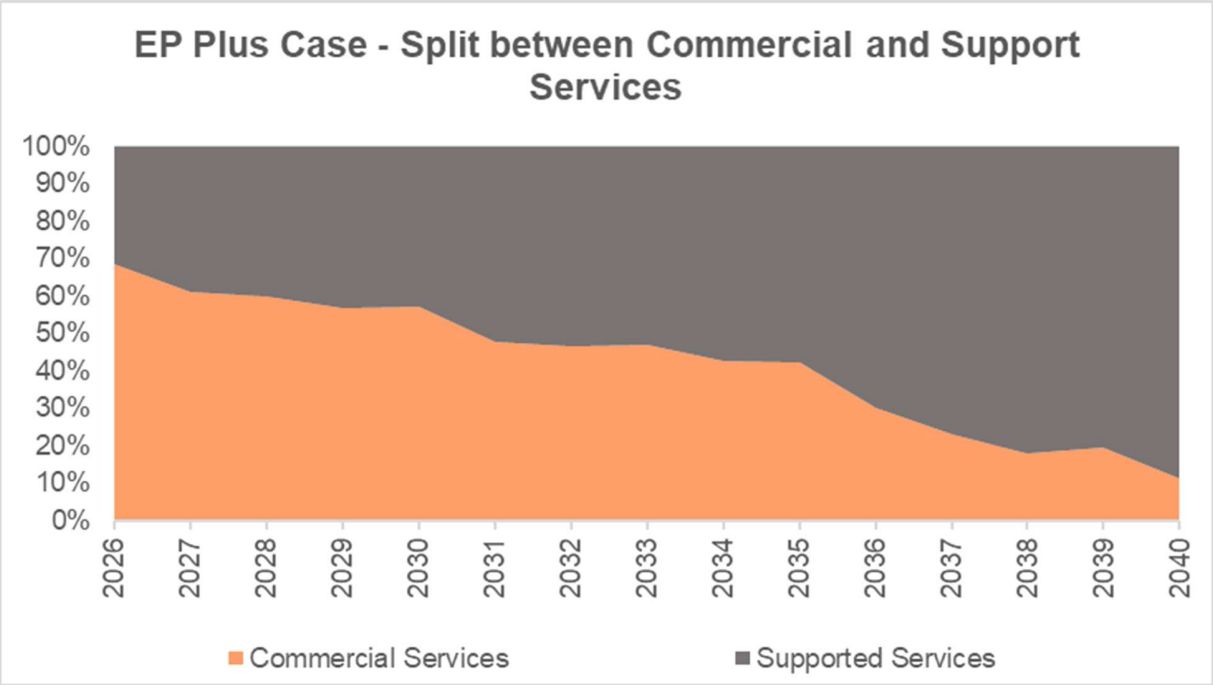


6.4.4. As the forecasting model is set up to work within the budget, the EP+ is overall affordable. However, in some years, slightly more than the budget is spent. This is due to the model not fully balancing the spend on concessionary travel and supported services and would settle (resulting in fewer services and fewer passenger journeys in the affected years).

6.4.5. Compared with the Reference Case, EP+ is forecast to have more services operated commercially in the medium term. Therefore, more of the budget contributed by the Combined Authority is used for concessionary travel for commercial services, and less for supported services.

6.4.6. A comparison of the operating costs for commercial and supported services for the two cases is shown in Figure 14 below.

Figure 14: Enhanced Partnership Plus - Split between Expenditure for Commercial and Supported Services



Passenger Numbers

6.4.7. Figure 15 below shows that EP+ is forecast to deliver greater numbers of passenger journeys than the Reference Case.

6.4.8. This is despite there being marginally less budget available for services for EP+ (due to higher management/transitional costs).

6.4.9. The reasons for this are:

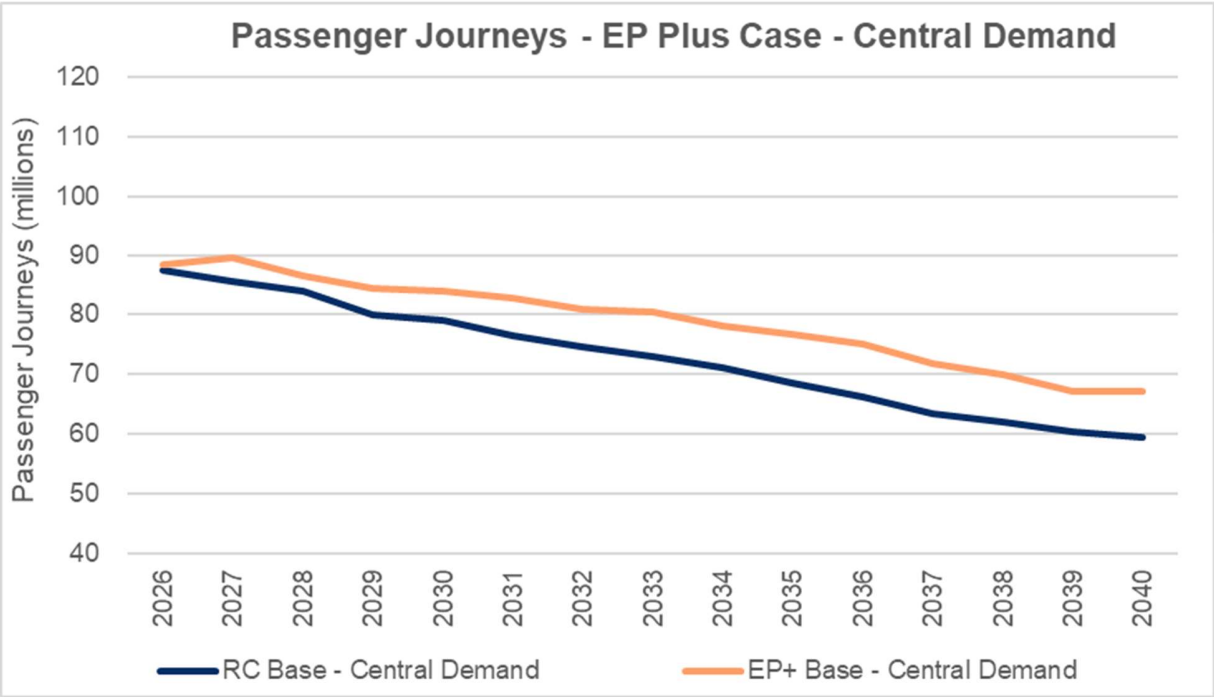
- The EP+ assumes a range of network interventions which would be agreed with operators under the assumed outcome (see section 2.2 in the economic case). These could make the network more efficient by, for example, bundling together some commercial and supported services where there is duplication.
- The EP+ assumes more integrated ticketing which will have a small but positive effect on users.

6.4.10. Together, these more than compensate for the reduced budget being available.

6.4.11. Over the period from 2026-2041, on average 9% more passenger journeys are forecast to be made under EP+ than under the Reference Case.

6.4.12. Further comparison of EP+ with alternative options under different scenarios is shown in Section 8.

Figure 15 - EP+ Passenger Journeys, Central Demand



6.5. Enhanced Partnership Plus Risk Analysis

6.5.1. The risks that operators and the Combined Authority are exposed to under EP+ include those that affect the Reference Case.

6.5.2. They therefore include the key risks to the level of passenger journeys from the background level of demand and the amount of funding available for concessionary travel and supported services. The impact of these are tested under the scenarios, with the results set out in Section 8 and compared with the equivalent result for other options.

6.5.3. As with the Reference Case, more supported services are forecast in future. There is the additional risk this creates in that there will be limited competition

for contracts, and that operators could require a higher margin than forecast. The impact of this on the Reference Case is discussed in Section 9.

6.5.4. In addition, there are risks that the additional costs forecast for EP+ (transition and management costs) are greater than anticipated. These have been considered as sensitivities in Section 9.

6.6. Enhanced Partnership Plus Conclusion

6.6.1. The primary conclusion of the above analysis is that, as with the 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.

6.6.2. However, compared with the Reference Case, the level of service provided, and the number of passengers carried is greater.

6.6.3. This is based on the assumption that operators will agree to the changes in network and integrated ticketing required as the basis for these forecasts.

7. Financial Case Analysis - Franchising

7.1. Introduction

7.1.1. Franchising represents a significant change in how bus services could operate in West Yorkshire, with the Combined Authority having full control over the configuration of the network, and the level of services provided.

7.1.2. This section sets out the following details and results for this option:

- Description of income from bus services under Franchising for the Combined Authority;
- Description of expenditure relating to bus services under Franchising for the Combined Authority; and
- The results of the projected financial impact on the Combined Authority (net position) over a 15-year period (the appraisal period).

7.2. Income - Franchising

7.2.1. Under the Franchising option, the Combined Authority will be assumed to collect passenger farebox income from those services which are franchised. The Combined Authority will also be expected to pay operators to run services in accordance with the contracts set out in the Franchise.

7.2.2. The income which would be retained by the Combined Authority under Franchising includes:

- Farebox income from franchised services;
- Farebox revenue from supported services (prior to the full implementation of franchising); and
- Additional income (sundry income) that the Combined Authority earns (which is the same in the Reference Case and EP+ option).

7.3. Expenditure - Franchising

7.3.1. This section presents the expenditure line items which would impact the Combined Authority in the Franchising option. The expenditure items under the Franchising option are different to those presented in the Reference Case and EP+ and include:

- Payments to operators for gross cost contracts;
- Transition costs;
- Management costs (which are higher for franchising than the Reference Case and EP+);
- Fleet and Depot Investment.

7.3.2. Transitional costs, unlike fleet and depot investment, would not qualify for Prudential Borrowing. Therefore, it is assumed that these are raised from reserves or other revenue funding sources and repaid over the appraisal period in the form of an annuity payment.

7.3.3. As with EP+, there would need to be additional management costs which for Franchising would be £2.8m more per annum than the Reference Case (in 2023/24 prices).

Operating Costs

7.3.4. Basic operating costs for individual franchised services are calculated in the economic model (based on the data made available by operators).

7.3.5. These are then adjusted for:

- saving from depot cost avoidance;
- savings from fleet cost avoidance; and
- addition of margin (see 4.7).

7.3.6. This results in the estimated cost of the gross cost contracts.

Transition Costs

7.3.7. Franchising requires the Combined Authority to make funds available for transition costs during the period prior to the award of the first franchising contracts.

7.3.8. Tables 11 and 12 below set out the assumed costs associated with the implementation and ongoing administration costs of a Franchise scheme, to be incurred over the four-year implementation period commencing April 2024. Transition costs have been expected to rise with CPI from 20234/24.

Table 11 - Assumed Transition Costs for Franchising

Implementation costs	**2024/25**	**2025/26**	**2026/27**	**2027/28**	**Total**
£m real, 2023/24					
Consultancy and management of transition	2.1	2.0	1.9	1.9	**7.9**
Early mobilisation of procurement resource	0.1	0.1	0.1	0.1	**0.5**
Provision of risk	3.1	1.1	1.1	1.1	**6.5**
IT provisional costs	-	-	0.2	-	**0.2**

Management Costs

7.3.9. Under franchising, all the direct costs that the Combined Authority incurs under the Reference Case would continue. There are then two further components of management costs under franchising.

7.3.10. The first of these are additional management costs during a transitional period (explained in section 4.9). These costs are in addition to the management and staff costs within the Reference Case and are set out in table 12 below.

Table 12 - Assumed Additional Management Costs for Franchising

Additional Management costs during transition	2024/25	2025/26	2026/27	2027/28	Total
£m real, 2023/24					
Additional management costs during transition	-	0.7	1.7	2.9	5.3

7.3.11. Additional management costs during the period 2024/25 to 2026/27 are financed through an annuity over 15 years. However, the additional management costs which fall within the start of franchising (2027/28) are expensed and not financed.

7.3.12. After transition there is forecast to be additional management costs of £2.9m per annum (real 2023/24).

Fleet and Depot

7.3.13. The Franchising option would assume that the Combined Authority makes capital investments in zero emission fleet and depot. These investments include:

- **Fleet investment -** investment in the Combined Authority owned zero-emissions fleet; and
- **Depot investment** - investment in the acquisition of new or existing depots and supporting zero-emissions infrastructure.

7.3.14. Having control over these assets allows the Combined Authority to establish a level playing field for competition between incumbents and new market entrants.

7.3.15. Depots are assumed to be purchased or developed before franchises are let. Fleet is assumed to be purchased over time so that the existing fleet is used for its useful life. Further detail is provided in the depot and fleet strategies.

7.3.16. The Franchising option assumes that ZEBs, depots, and associated infrastructure will be financed by the Combined Authority using Prudential Borrowing. The assumptions made regarding the capital cost of the fleet and depot are set out below.

Fleet Investment

7.3.17. Fleet investment within the financial model is based on the following cost assumptions within the Fleet strategy:

- ZEBs are assumed to have a net cost to acquire of £274,500 per vehicle (net of government funding available to support the incremental cost relative to diesels);

- In addition, each ZEB has associated infrastructure costs assumed to be £16,250 per ZEB;
- Through the appraisal period, the forecast assumes that 62 ZEBs will be acquired each year (868 in total);
- During the appraisal period, the overall required investment in the fleet is assumed to be £252m in real terms;
- The above inputs assume that the costs of ZEBs and diesel buses stay the same in real terms, and that government funding is available to fund 75% of the difference. These assumptions are applied to all of the options (including the Reference Case and EP+). It is expected that over time, there will be further convergence in price between ZEBs and diesels, which could mean that ZEBs could be purchased without the need for government funding. If there was no further convergence in prices, and no government funding, 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 for a period. This would affect all 3 options as the assessment assumes the same number and cost of ZEBs and the same level of funding for all 3 options.

Depot Investment

7.3.18. The Franchising option assumes investment in depot based on the following assumptions in relation to acquisition:

- 10 depots acquired;
- Depot sites will be owned and managed by the Combined Authority;
- Each site will be acquired c. 18 months prior to when it is required operationally;
- 18 month development and fit out period.
- The overall requirement for upfront investment in depots is assumed to be £85.5m, including acquisition and fit out for zero emission buses.
- This has been calculated based on professional estimates of values of current depots (and an estimate of the value of an additional depot), with

valuation based on a desktop review prepared on an informal non-reliance basis. The actual purchase prices would be subject to factors such as negotiation and therefore sensitivities have been run on the cost of depots in section 9.5.

- It should also be noted that the costs for improved grid connections have not been included for any of the options, and are likely to be similar for all three cases (with similar challenges to implement), as all three options assume the same pace of transition to zero emissions buses. The provision of these connections poses a delivery risk under all options, due to grid capacity constraint issues and the lead times required to secure connections.

Earmarked Reserve for Assets

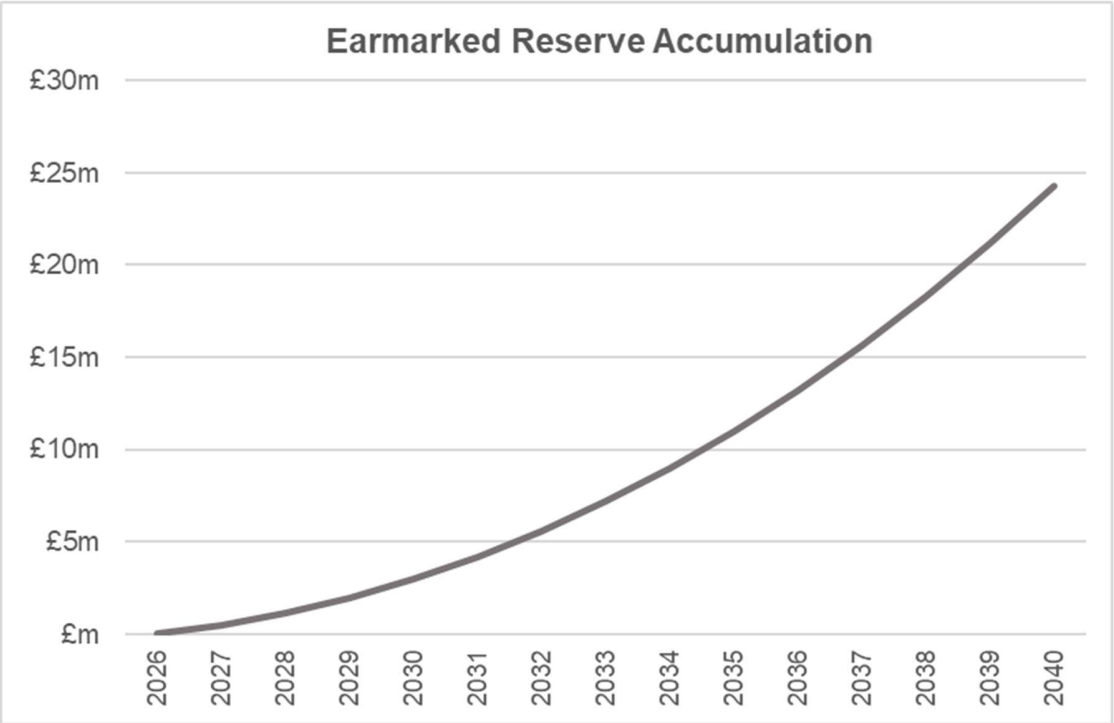
7.3.19. Under the Franchising option, the Authority assumes the use of UKIB financing for fleet and depot. This method of borrowing is expected to be less costly than private borrowing.

7.3.20. The expected savings from this lower cost of borrowing are assumed to be set aside in an earmarked reserve to cover unanticipated risks.

7.3.21. The fund's value increases over time, as more or the fleet is being owned and financed by the Combined Authority. Figure 16 shows how this reserve grows over time, with £4.2m being accumulated in the first five years of franchising. By the end of the appraisal period in 2040/41, £24.3m would accumulate in the reserve, if no funds were drawn.

7.3.22. A statement of the balance sheet impacts of these changes is included in the appendix to the Financial Case.

Figure 16 - Earmarked Reserve Accumulation (£m, nominal)



7.4. Franchising Results

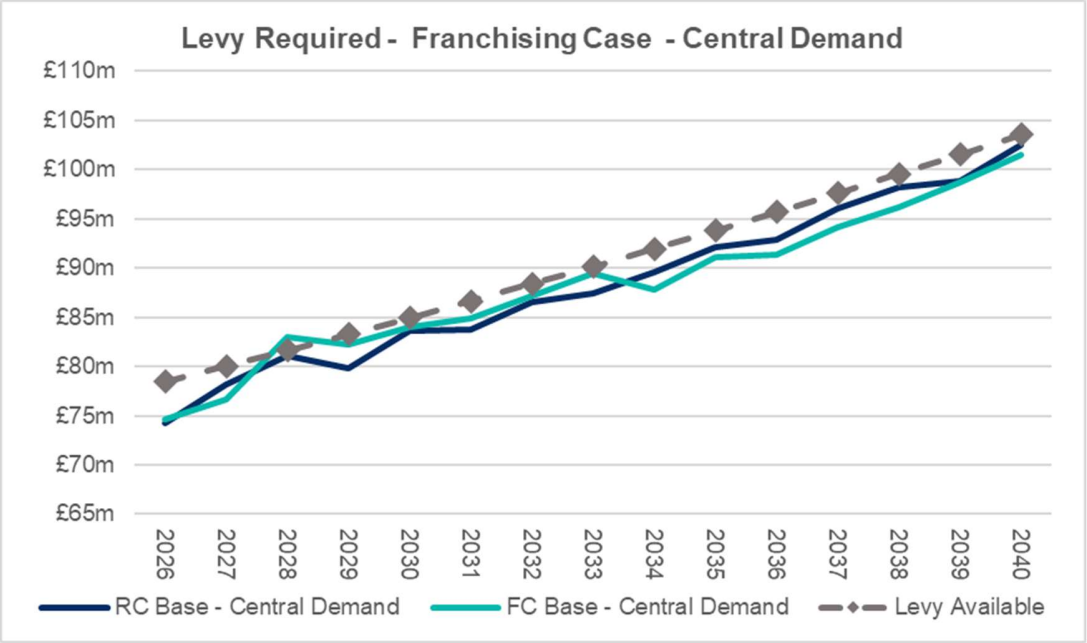
7.4.1. The income and expenditure components outlined above have been modelled annually to forecast the net expenditure position for the Combined Authority under Franchising. A full cashflow statement is included in the appendix to the Financial Case.

7.4.2. Figure 17 below shows the amount of levy required for Franchising compared to the Reference Case and the budget available.

7.4.3. As the forecasting model is set up to work within the budget, Franchising is overall affordable with an average budget required compared to budget available of 97.5% over the appraisal period. However, in some years, specifically 2028/29, more budget is forecast to be required than is available.

In reality, other revenue sources could be drawn or service levels adjusted to counteract this impact.

Figure 17: Franchising Budget for Bus Services (£m, nominal)



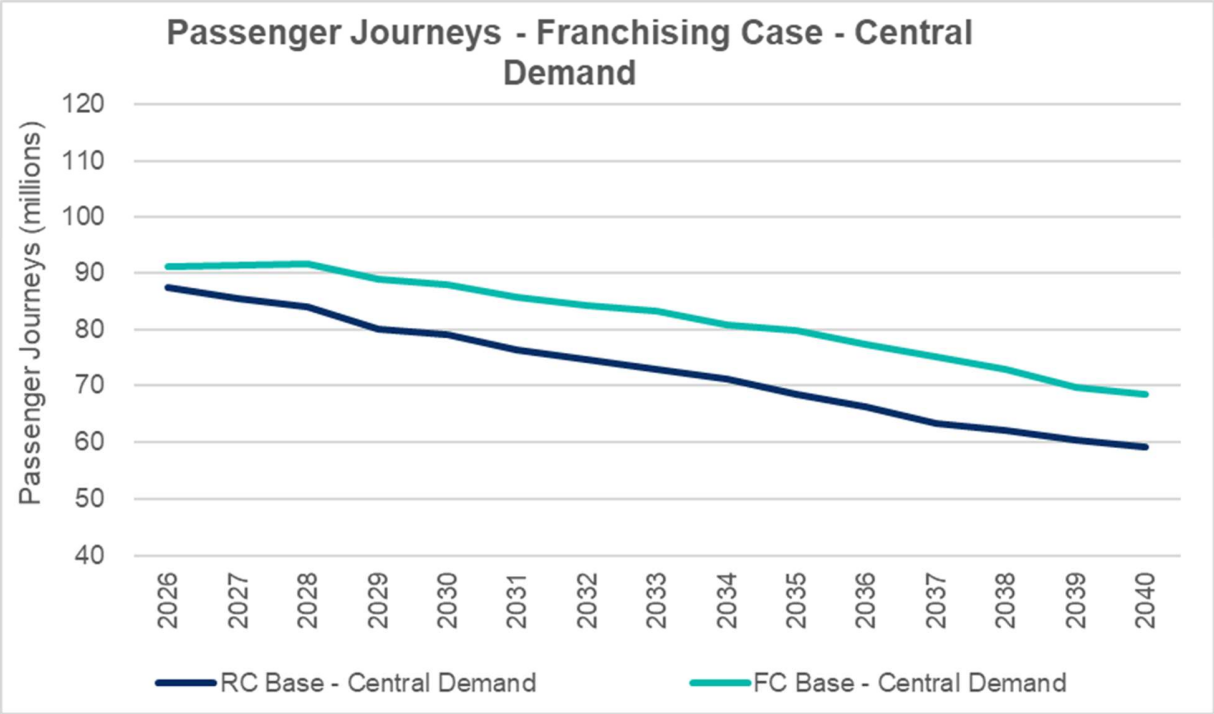
Passenger Journeys

7.4.4. Figure 18 below shows that Franchising is forecast to deliver greater numbers of passenger journeys than the Reference Case and EP+.

7.4.5. Despite there being an average reduction of 3.0% and 1.1% in budget available for services for franchising compared to the Reference Case and EP+ respectively, Franchising is able to deliver on average, across the appraisal period, a 13.0% increase in passenger journeys against the Reference Case and a 3.8% increase in passenger journeys against EP+.

7.4.6. Further comparison of Franchising with alternative options under different scenarios is shown in Section 8.

Figure 18: Franchising Passenger Journeys



7.5. Franchising Risk Analysis

7.5.1. As with the Reference Case and EP+ options, the Franchising Case is exposed to the risks of changes in demand and changes in funding. The impact of these on the level of passengers carried, and a comparison with the other options on a like for like basis is shown in Section 8.

7.5.2. The margins to be charged on franchise contracts are uncertain, and Section 9 shows the impact of changes in these margins.

7.5.3. Unlike the other options, the Franchising Case has the Combined Authority purchasing assets. Section 9 shows the impact of changes in the costs of assets, and the costs of financing them. In addition, Section 9 shows the impact of increases in additional transitional and management costs associated with Franchising.

7.6. Franchising Conclusion

7.6.1. The primary conclusion of the above analysis is that Franchising maintains a higher level of bus passengers carried than the Reference Case for the same level of affordability.

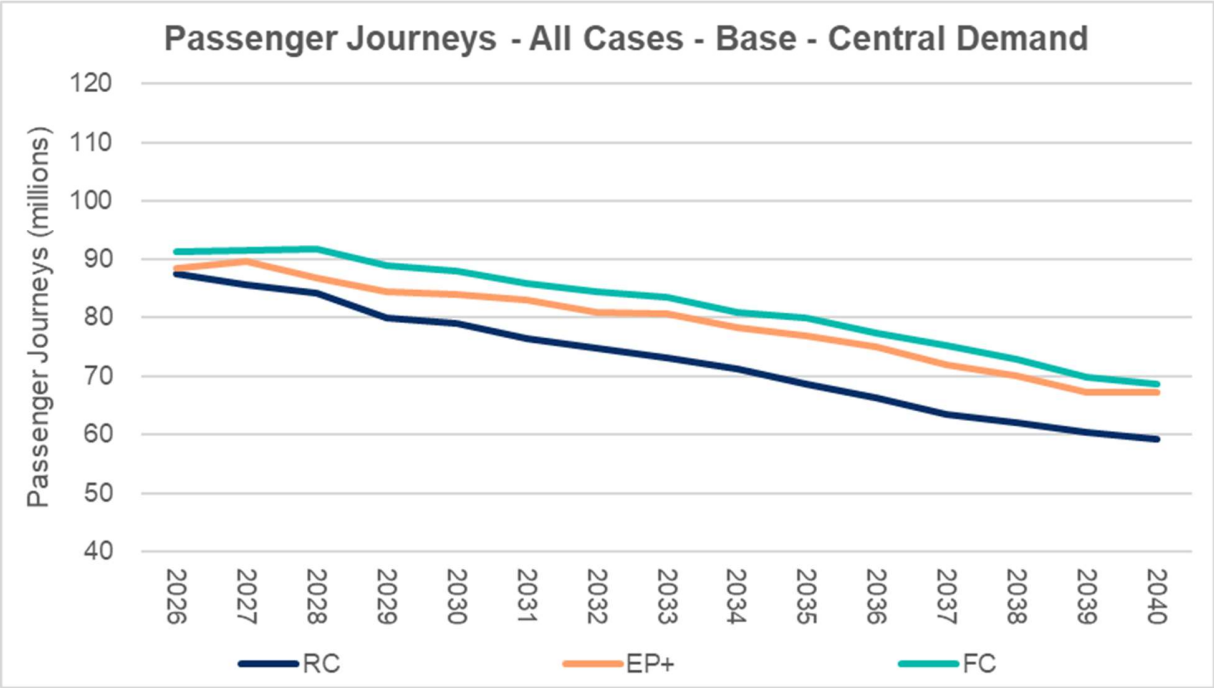
7.6.2. Like the Reference Case, there would need to be a reduction in services over time, if the bus service is to remain affordable, but the level of passenger journeys would continue to be higher under Franchising. Achieving this outcome depends on the successful management of risk in transitioning to Franchising

8. Regulatory Option Comparison

8.1. Introduction

8.1.1. The results set out in Sections 5-7 for the two bus reform options, plus the reference case modelled across this financial case are all based on a central case for both demand and budget. The graph below shows the comparison of journeys provided under the three options.

Figure 19: Passenger Journeys for All Options, Base Funding and Central Demand Scenarios



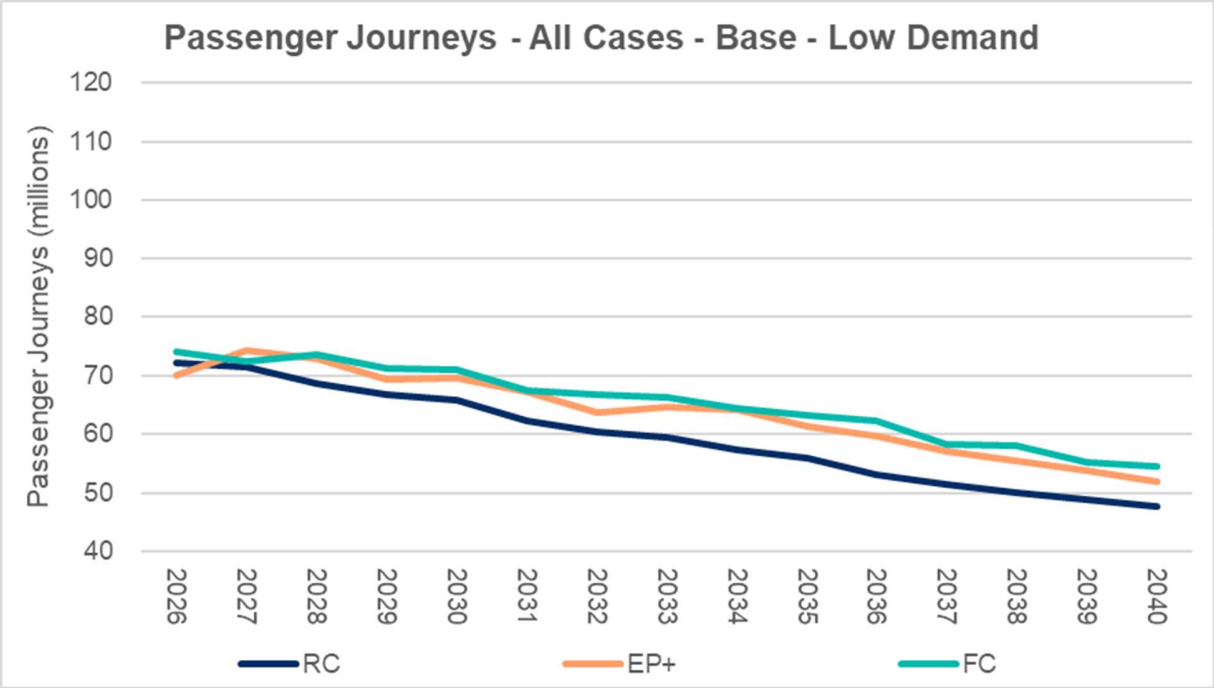
8.1.2. While there is a clear ranking between them in terms of the number of passengers carried, this may not be the same for all demand and budget outcomes. We have therefore compared the options under different scenarios.

8.2. Demand Scenarios

8.2.1. Section 4.4 sets out the basis for higher and lower demand scenarios, reflecting uncertainty in the bus market. Figure 12 in Section 5.4 shows the impact of these on journeys under the Reference Case.

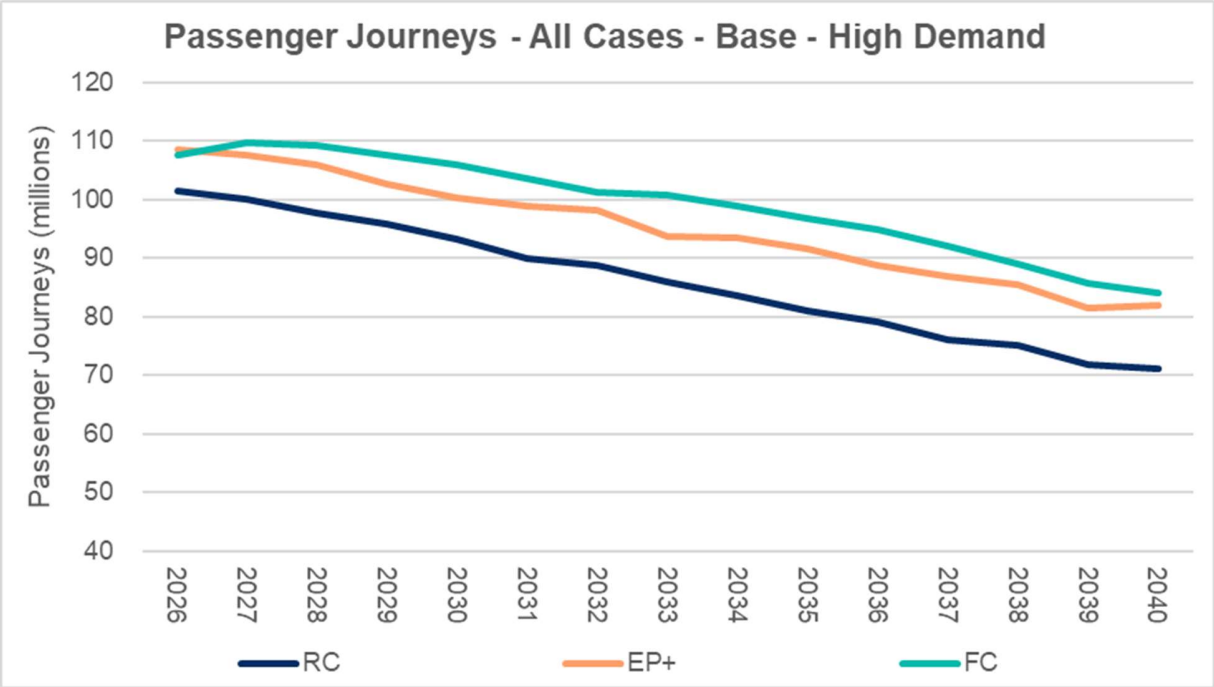
8.2.2. Figure 20 below shows the outcome for passenger journeys in the low demand case. This maintains the level of budget available for each option, and shows that with lower expected demand, the ranking of Franchising, EP+ and Reference Case would be maintained.

Figure 20- Passenger Journeys for All Options, Base Funding and Low Demand Scenarios



8.2.3. Figure 21 demonstrates the results from the high demand scenario. It shows that, again, the ranking is maintained across the three options.

Figure 21 - Passenger Journeys for All Options, Base Funding and High Demand Scenarios



8.2.4. The table below shows the average percentage difference from the Reference Case in the level of passengers provided by each of the EP+ and Franchising options under the three demand scenarios, and the Base funding scenario.

Table 13 - Additional Passenger Journeys over Reference Case, Base Funding and All Demand Scenarios

Additional Passengers Over Reference Case			
Funding Scenario	Demand Scenario	EP+	Franchising
Base	Low	7.51%	10.26%
Base	Central	8.90%	13.03%
Base	High	10.73%	15.63%

8.2.5. This suggests that while the level of passenger journeys is clearly affected by the general level of market demand, that EP+ and especially Franchising consistently provide more passenger journeys than the Reference Case.

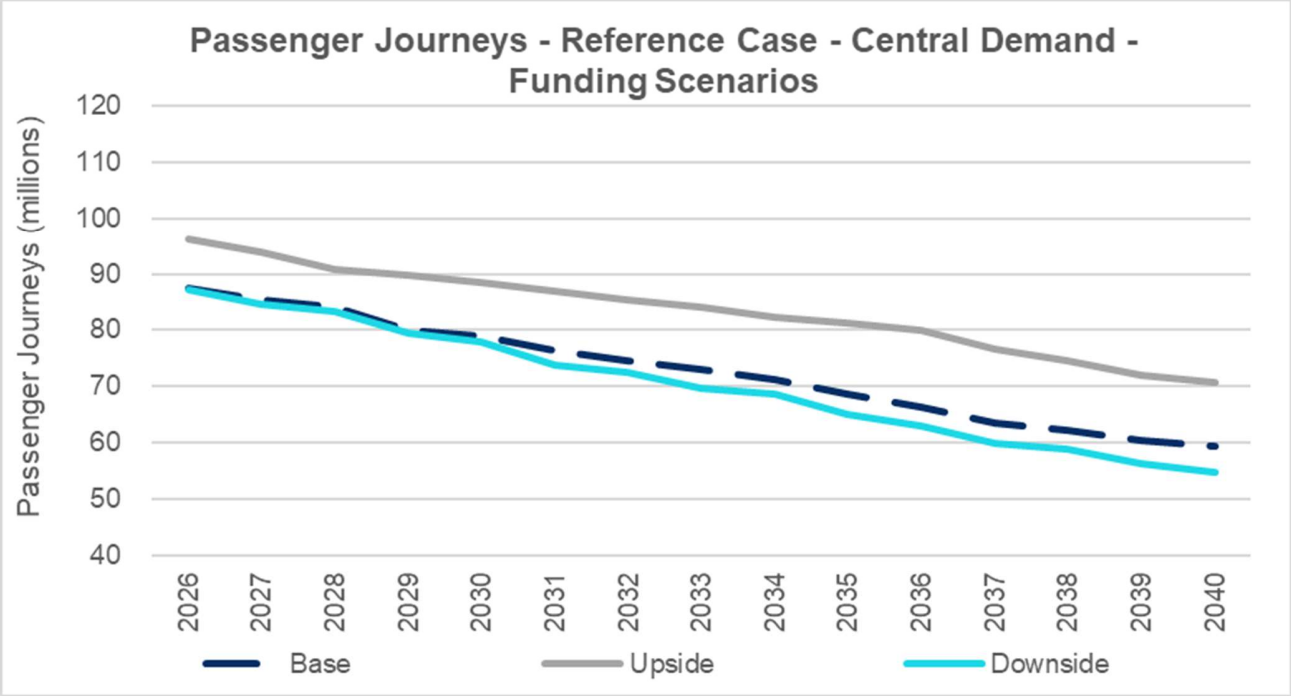
8.3. Budget Scenarios

8.3.1. In addition to uncertainty in demand, there is also uncertainty regarding the budget available to support bus services.

8.3.2. Section 4.4 describes the basis of the assumptions used for the higher and lower levels of budget. It should be noted that these are not predictions, but different assumptions to test the robustness of the analysis.

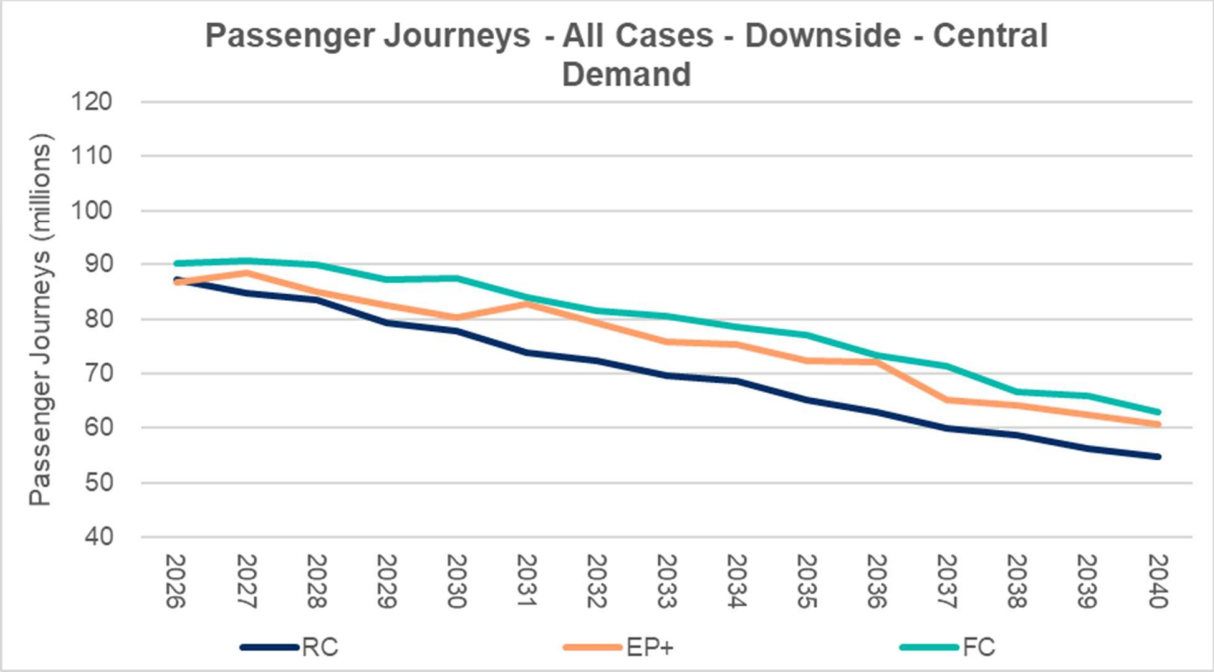
8.3.3. The graph below shows the impact of the three budget scenarios for the Reference Case on the number of journeys provided. These show that, as expected, more journeys are made if more budget is made available (as more supported services can be provided).

Figure 22 - Passenger Journeys for Reference Case, Central Demand and All Funding Scenarios



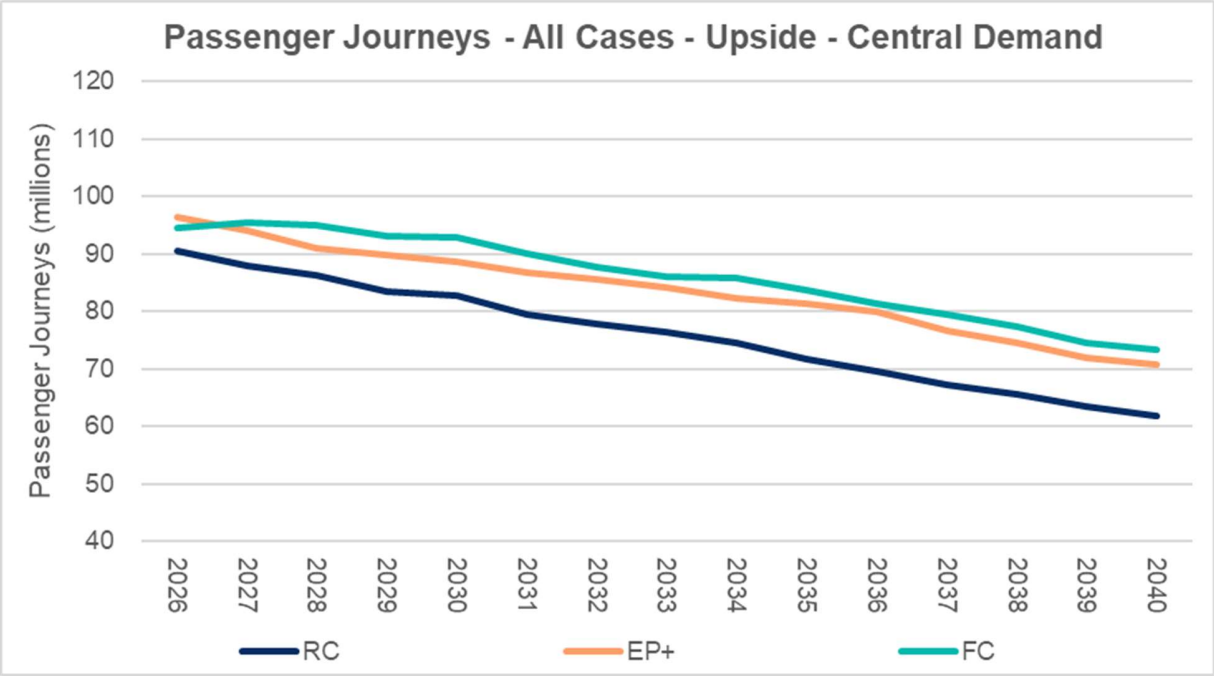
8.3.4. The graph below compares the reference case and the two reform options for the lower level of budget. In this outcome, less money is available for supported and franchised services, and this reduces the number of passengers carried for all options. The EP+ and Franchising options provide more services than the Reference Case.

Figure 23 - Passenger Journeys for All Options, Central Demand and Downside Funding Scenario



8.3.5. For the higher level of budget, the reverse is true - more money is available for additional supported and franchised services, and this increases passenger numbers, but the ranking of the three options is maintained.

Figure 24 - Passenger Journeys for All Options, Central Demand and Upside Funding Scenario



8.3.6. The table below shows the average level of passengers provided by each of the options under the three budget scenarios, and the percentage difference from the Reference Case.

Table 14 - Additional Passenger Journeys over Reference Case, All Funding and Central Demand Scenario

Additional Passengers Over Reference Case			
Funding Scenario	Demand Scenario	EP+	Franchising
Downside	Central	7.85%	13.04%
Base	Central	8.90%	13.03%
Upside	Central	10.45%	13.72%

8.3.7. This again shows that the ranking of the options for passenger journeys is maintained across this range of budget scenarios.

8.4. Comparison Across All Scenarios

8.4.1. The assessment has also considered scenarios which combine different levels of demand and budget. There are nine of these in all, and across the Reference Case, and the reform options of EP+ and Franchising, this creates 27 sets of results. We have therefore shown these only in tabular form, and as comparisons between the passengers carried in each of the EP+ and Franchising options, relative to the Reference Case.

Comparative Journeys: EP+ over Reference Case

Table 15 - Percentage of Reference Case Journeys provided by EP+ under Funding and Demand Scenarios

	Low Demand	Central Demand	High Demand
Downside Funding	7.22%	7.85%	10.21%
Base Funding	7.51%	8.90%	10.73%
Upside Funding	8.13%	10.45%	11.95%

Comparative Journeys: Franchising over Reference Case

Table 16 - Percentage of Reference Case Journeys provided by Franchising under All Funding and Demand Scenarios

	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%

8.4.2. These show consistent results with the base case options, that EP+ provides more services than the Reference Case and Franchising provides more services than EP+.

9. Financial Case Sensitivity Analysis

9.1. Introduction

9.1.1. For all of the options, there are risks of changes in demand and funding. These are described in Section 8.

9.1.2. The Reference Case, EP+ and Franchising each has its own specific risks, and the potential impact of them has been tested with individual sensitivities.

9.2. Margins for Supported Services

9.2.1. As discussed in sections 5 and 7, there is forecast to be a substantial rise in the number of supported services.

9.2.2. This change in the nature of services will have an effect on operators. Given the large number of supported services forecast, it may be difficult for SMOs to step up and provide this level of services. If the only realistic providers are the larger incumbent operators, there may not be much competition, as there is relatively little overlap between the markets they currently cover within the region.

9.2.3. Therefore, operators may use their market position to set prices with higher margins on supported services.

9.2.4. The graphs below show what this would mean for the level of services that the Combined Authority can afford. Figure 25 shows the impact of margins of 6.0%, 7.5% and 9.0% on the level of services provided in the Reference Case., with Figure 26 showing the same comparison for the EP+ option.

Figure 25 - Passenger Journeys for Reference Case, Supported Services Margin

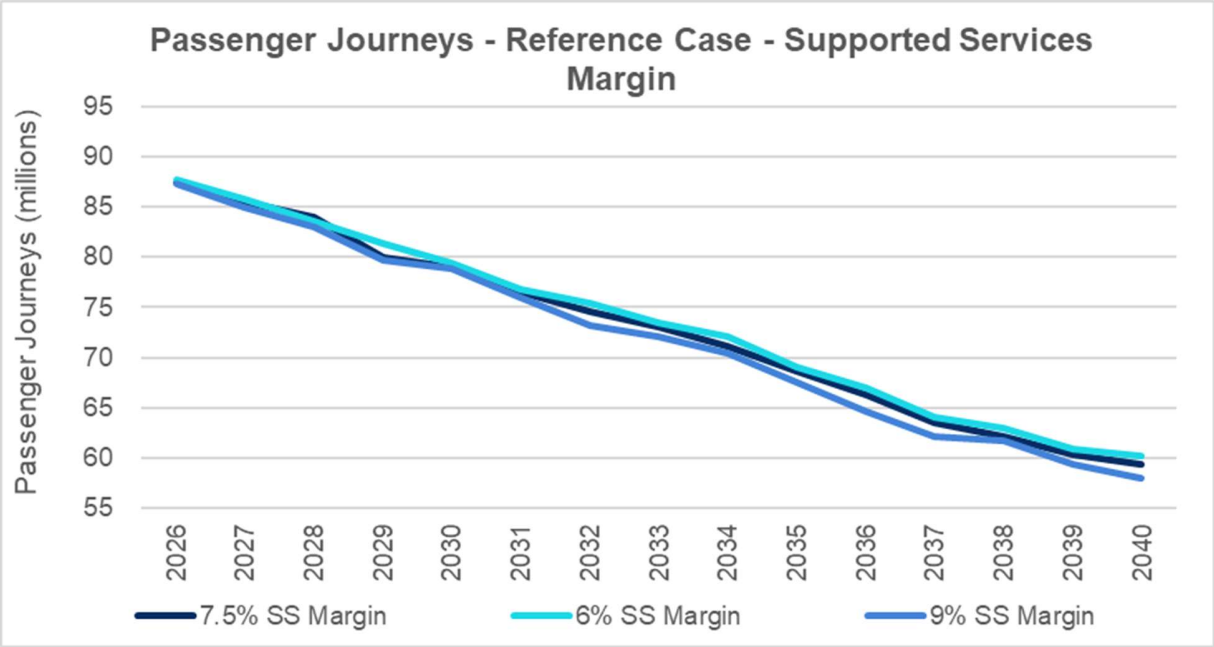
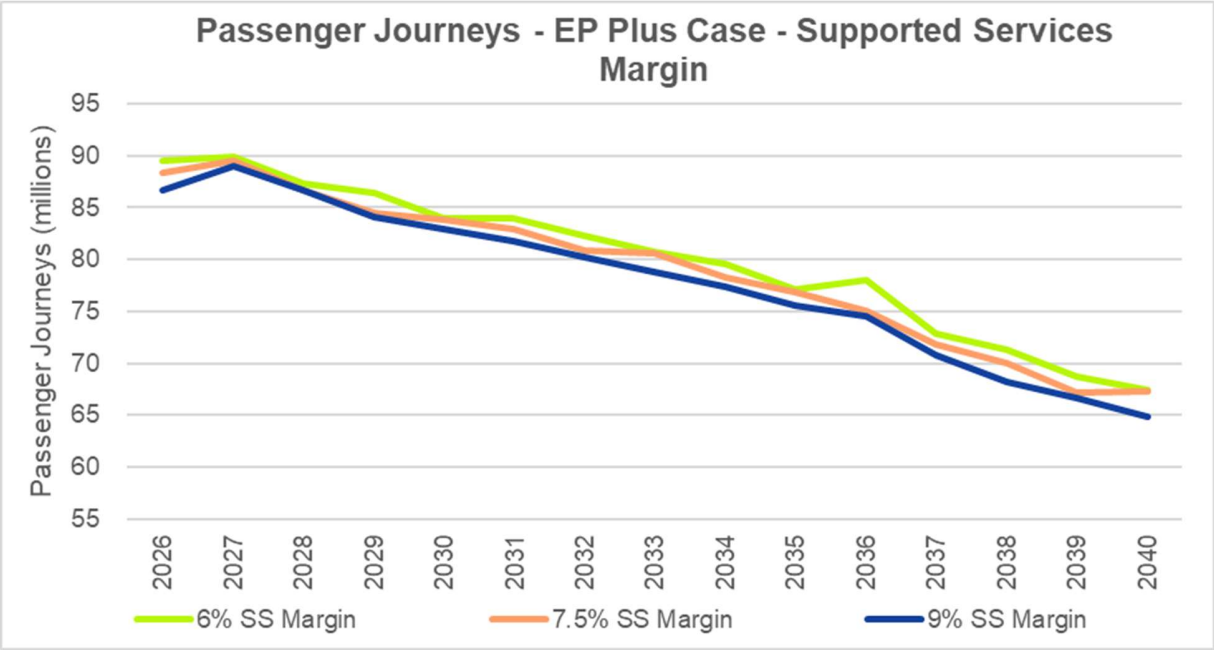


Figure 26 - Passenger Journeys for EP+, Supported Services Margin



9.2.5. A margin of 9.0% would reduce the services offered (compared with the base case assumption of 7.5%) by:

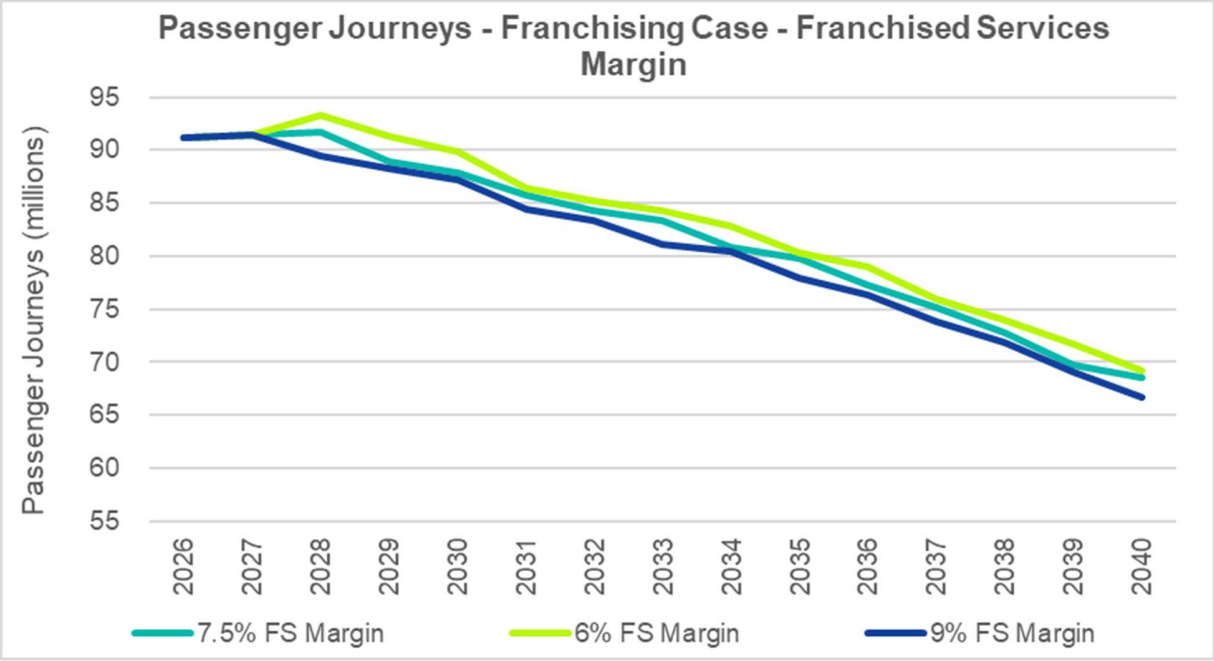
- 1.20% for the Reference Case; and
- 1.35% for EP+.

9.3. Margins for Franchised Services

9.3.1. There is also uncertainty regarding the margins charged for franchised services. The Combined Authority is proposing to take steps to allow more competition, but there is no guarantee that this will result in lower profit margins.

9.3.2. Therefore, the same sensitivities have been applied to the franchising case. Note that all the services are affected by this sensitivity under the franchising case, so it would be expected that the results would show a larger difference from the base case than for the Reference Case or EP+.

Figure 27 - Passenger Journeys for Franchising, Franchised Services Margin



9.3. Comparison Across Options

9.3.3. A test needs to be undertaken to ensure the robustness of option ranking when assumptions change. Through the results shown in Tables 17 and 18 which compare the results across the options, the Franchising Case, EP+ and the Reference Case still have the same ranking if margins were the same. Even if the Franchising Case has a 9.0% margin, it would be forecast to produce more journeys than EP+ (with a margin of 7.5%).

Table 17 - Average Passenger Journeys for All Options, Supported Services Margin

Additional Passenger Journeys for Supported Services Margins Over Base Case for Reference Case and EP Plus			
Case	Supported Services Margin	Supported Services Margin Passenger Journeys	% Supported Services Margin from Base
Reference Case	6.0%	73,303,853	0.75%
RC (Base Case)	7.5%	72,754,868	0.00%
Reference Case	9.0%	71,928,900	-1.15%
EP Plus	6.0%	79,961,829	9.01%
EP Plus	7.5%	78,901,633	7.79%
EP Plus	9.0%	77,868,536	6.57%

Additional Passenger Journeys for Supported Services Margins Over Base Case for Franchising

Case	Supported Services Margin	Supported Services Margin Passenger Journeys	% Supported Services Margin from Base
Franchising Case	6.0%	82,046,967	11.33%
Franchising Case	7.5%	81,910,473	11.18%
Franchising Case	9.0%	81,711,118	10.96%

Table 18 - Average Passenger Journeys for All Options, Franchised Services Margin

Additional Passenger Journeys for Franchised Services Margins Over Base Case for Reference Case and EP Plus			
Case	Franchised Services Margin	Franchised Services Margin Passenger Journeys	% FS Margin from Base
Reference Case	6.0%	72,754,868	0.00%
RC (Base Case)	7.5%	72,754,868	0.00%
Reference Case	9.0%	72,754,868	0.00%
EP Plus	6.0%	78,901,633	7.79%
EP Plus	7.5%	78,901,633	7.79%
EP Plus	9.0%	78,901,633	7.79%

Additional Passenger Journeys for Franchised Services Margins Over Base Case for Franchising			
Case	Franchised Services Margin	Franchised Services Margin Passenger Journey	% FS Margin from Base
Franchising Case	6.0%	83,071,414	12.42%
Franchising Case	7.5%	81,910,473	11.18%
Franchising Case	9.0%	80,836,387	10.00%

9.4. Additional EP+ Sensitivities

9.4.1. There are several additional EP+ sensitivities outlined below:

- ***Transitional Costs*** If transitional costs were to rise by 10%, this would result in an additional draw on the Combined Authority budget of 0.02% (i.e. an increase of £194,812). This level of cost is at a level that could be absorbed by the Combined Authority.
- ***Management Costs*** A rise in the management costs associated with EP+ of 10% would result in an additional draw on the Combined Authority budget of 1.19% (i.e. an increase of £16.0m). This level of cost could be absorbed by the Combined Authority.
- ***Profit Share*** An operator as part of their letter of commitment on the EP+ proposals has suggested that a profit share could be a part of the EP+ arrangements. The proposal is for 50% of EBIT margin in excess of 10% achieved by the operator to be shared with the Combined Authority. As a sensitivity, the scale of this contribution has been estimated across all operators in West Yorkshire, and such a share of profit is estimated as approximately 0.4-0.6% of the budget (£5.3-8m) for the assessment period. If such a budget was available some more services could be provided

under EP+, but on the basis of the analysis done, it would not mean that EP+ would carry more passengers than Franchising. Across all funding and demand scenarios, Franchising carries 2.5 -5.3% more passengers. It is also relevant that even with an additional 1.5% margin (which is the equivalent of having approximately 1.5% less budget with a 7.5% margin) Franchising is forecast to carry more passengers than EP+ with a full budget (see Table 18).

9.5. Additional Franchising Sensitivities

9.5.1. There are additional franchising sensitivities, outlined below:

- ***Transitional Costs*** If transitional costs were to rise by 10%, this would result in an additional draw on the Combined Authority budget of 0.17% (i.e. an increase of c. £2.2m). This level of cost is at a level that could be absorbed by the Combined Authority.
- ***Management Costs*** A rise in the management costs associated with Franchising of 10% would result in an additional draw on the Combined Authority budget of 1.29% (i.e. an increase of £17.1m). This level of cost could be absorbed by the Combined Authority.
- ***Increase in Depot Cost*** A rise in the cost of depot purchase of 10% would not change the draw on the Combined Authority budget nor the overall costs of franchising. However, this 10% increase in depot financing costs would represent using an additional £2.3m (i.e. 9.6%) of the forecast closing balance of the earmarked reserve in 2040/41. Further to this, an increase of 30% in depot costs would lead to a £0.03m increase in the draw on the Combined Authority budget over the appraisal period. This increase would represent using an additional £6.9m (i.e. 28.5%) of the forecast closing balance of the earmarked reserve in 2040/41.
- ***Increase in Fleet Cost*** A rise in the cost of fleet of 10% that only affected the costs to the Combined Authority (and not the cost of fleet to operators) would have no impact on the Combined Authority budget nor the overall costs of franchising. However, this 10% increase in fleet financing costs

would represent using an additional £21.2m (i.e. 87.1%) of the forecast closing balance of the earmarked reserve in 2040/41. It should also be stressed that increased cost would also affect the Reference Case and EP+ options, as the operators would need to factor the increased cost of purchasing fleet into their business plans.

- ***Increase in Financing Cost*** An increase in UKIB interest rates of 1% would make no additional draw on the Combined Authority budget. However ,it would represent using an additional £18.3m (i.e.75.2%)% of the forecast closing balance of the earmarked reserve in 2040/41, and again, it is possible that such an increase in UKIB rates could also coincide with an increase in private finance rates, which would affect the costs of operators in the other options.

10. Financial Case Conclusion

10.1. This Financial Case uses a range of data and assumptions to estimate the different levels of affordable service that can be offered under the two reform options that are evaluated against the Reference Case, Enhanced Partnership Plus and Franchising.

10.2. The primary conclusions of this analysis are that EP+ and Franchising both offer substantial benefits over the Reference Case, in terms of the passenger journeys delivered for the same budget.

10.3. The primary reason for EP+ providing such benefits compared with the Reference Case are the network interventions, which have the effect of making some services that would have weak margins more commercial and bundling together some commercial and supported services where there is duplication.

10.4. This type of Enhanced Partnership would be novel in that it does not provide operators with any specific new investments. However, given the benefits arising to both operators and the public, it may be possible to negotiate at least some of the benefits, while retaining the primary risk allocation of the deregulated model.

10.5. Greater benefits are forecast to be provided by the Franchising option. Under this option, all of the benefits from network interventions could be delivered, resulting in more services provided and more passenger journeys for the same budget. However, the model 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.

Appendix – Statements of Cashflows and Investment & Financing Statements

Reference Case - Cash Flows	2026/27	2027/28	2028/29	2029/2030	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	2036/37	2037/38	2038/39	2039/40	2040/41
Income (£m)															
Supported / Franchise Services Revenue	22,417.3	29,393.4	34,051.4	39,985.0	49,306.3	60,070.3	69,791.2	85,299.8	95,213.8	89,394.1	101,347.4	93,057.8	100,397.3	102,229.7	106,788.1
Additional Income	3,879.2	3,987.8	4,067.5	4,148.9	4,231.9	4,316.5	4,402.8	4,490.9	4,580.7	4,672.3	4,765.8	4,861.1	4,958.3	5,057.5	5,158.6
Total income	**26,296.5**	**33,381.1**	**38,118.9**	**44,133.9**	**53,538.2**	**64,386.8**	**74,194.1**	**89,790.6**	**99,794.5**	**94,066.4**	**106,113.2**	**97,918.9**	**105,355.6**	**107,287.1**	**111,946.7**
Expenditure (£m)															
Payments to Operators															
Supported services	(40,980.7)	(54,331.1)	(59,656.0)	(69,165.9)	(85,732.9)	(97,780.6)	(114,542.0)	(133,516.0)	(148,462.7)	(145,023.5)	(163,458.0)	(158,230.4)	(170,152.3)	(173,056.6)	(181,699.8)
ENCTS payments	(41,298.8)	(38,353.1)	(40,239.0)	(35,082.5)	(31,091.2)	(29,553.1)	(24,814.0)	(21,775.3)	(18,363.3)	(18,251.4)	(12,008.8)	(11,819.5)	(8,952.2)	(8,132.5)	(7,228.8)
Total payments to operators	**(82,279.5)**	**(92,684.2)**	**(99,895.0)**	**(104,248.4)**	**(116,824.1)**	**(127,333.7)**	**(139,356.0)**	**(155,291.2)**	**(166,825.9)**	**(163,274.9)**	**(175,466.8)**	**(170,050.0)**	**(179,104.6)**	**(181,189.1)**	**(188,928.6)**
Financing Costs															
Depot	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fleet	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transitional Costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sinking Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Financing Costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Overheads															
Sundry Operating Costs	(9,789.6)	(10,063.5)	(10,264.8)	(10,470.1)	(10,679.5)	(10,893.1)	(11,110.9)	(11,333.1)	(11,559.8)	(11,791.0)	(12,026.8)	(12,267.3)	(12,512.7)	(12,762.9)	(13,018.2)
Staff Costs	(8,081.2)	(8,242.9)	(8,407.7)	(8,575.9)	(8,747.4)	(8,922.3)	(9,100.8)	(9,282.8)	(9,468.5)	(9,657.8)	(9,851.0)	(10,048.0)	(10,249.0)	(10,454.0)	(10,663.0)
Variable Management Costs	(409.8)	(543.3)	(596.6)	(691.7)	(857.3)	(977.8)	(1,145.4)	(1,335.2)	(1,484.6)	(1,450.2)	(1,634.6)	(1,582.3)	(1,701.5)	(1,730.6)	(1,817.0)
Total overheads	**(18,280.6)**	**(18,849.7)**	**(19,269.1)**	**(19,737.6)**	**(20,284.2)**	**(20,793.2)**	**(21,357.1)**	**(21,951.1)**	**(22,512.9)**	**(22,899.1)**	**(23,512.4)**	**(23,897.7)**	**(24,463.2)**	**(24,947.5)**	**(25,498.2)**
GROSS EXPENDITURE	**(100,560.1)**	**(111,533.9)**	**(119,164.1)**	**(123,986.0)**	**(137,108.3)**	**(148,126.9)**	**(160,713.1)**	**(177,242.3)**	**(189,338.8)**	**(186,174.0)**	**(198,979.2)**	**(193,947.6)**	**(203,567.7)**	**(206,136.6)**	**(214,426.9)**
NET EXPENDITURE (Levy required)	**(74,263.6)**	**(78,152.7)**	**(81,045.2)**	**(79,852.1)**	**(83,570.1)**	**(83,740.1)**	**(86,519.1)**	**(87,451.7)**	**(89,544.3)**	**(92,107.6)**	**(92,866.0)**	**(96,028.7)**	**(98,212.1)**	**(98,849.4)**	**(102,480.2)**

Enhanced Partnership Plus - Cash Flows	2026/27	2027/28	2028/29	2029/2030	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	2036/37	2037/38	2038/39	2039/40	2040/41
Income (£m)															
Supported / Franchise Services Revenue	35,005.0	46,238.2	47,234.9	51,991.1	52,468.4	68,164.5	68,357.8	66,602.0	74,876.7	74,938.3	94,298.6	99,682.7	106,101.6	102,049.7	115,703.1
Additional Income	3,879.2	3,987.8	4,067.5	4,148.9	4,231.9	4,316.5	4,402.8	4,490.9	4,580.7	4,672.3	4,765.8	4,861.1	4,958.3	5,057.5	5,158.6
Total income	**38,884.3**	**50,225.9**	**51,302.5**	**56,140.0**	**56,700.3**	**72,481.0**	**72,760.7**	**71,092.8**	**79,457.4**	**79,610.6**	**99,064.4**	**104,543.8**	**111,059.9**	**107,107.2**	**120,861.7**
Expenditure (£m)															
Payments to Operators															
Supported services	(55,393.6)	(75,217.6)	(75,649.0)	(83,417.1)	(84,437.9)	(104,666.7)	(106,173.7)	(108,771.4)	(116,837.5)	(118,613.4)	(143,686.5)	(157,102.4)	(168,946.2)	(162,792.1)	(187,614.5)
ENCTS payments	(37,099.9)	(35,633.9)	(34,616.2)	(33,505.2)	(34,589.2)	(30,996.9)	(29,387.6)	(29,823.2)	(28,551.3)	(28,602.7)	(22,387.3)	(15,942.0)	(12,819.6)	(14,497.2)	(9,639.3)
Total payments to operators	**(92,493.5)**	**(110,851.6)**	**(110,265.2)**	**(116,922.3)**	**(119,027.1)**	**(135,663.6)**	**(135,561.3)**	**(138,594.6)**	**(145,388.8)**	**(147,216.0)**	**(166,073.7)**	**(173,044.5)**	**(181,765.8)**	**(177,289.3)**	**(197,253.8)**
Financing Costs															
Depot	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fleet	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transitional Costs	(129.9)	(129.9)	(129.9)	(129.9)	(129.9)	(129.9)	(129.9)	(129.9)	(129.9)	(129.9)	(129.9)	(129.9)	(129.9)	(129.9)	(129.9)
Sinking Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Financing Costs	**-**	**(129.9)**	**(129.9)**	**(129.9)**	**(129.9)**	**(129.9)**	**(129.9)**	**(129.9)**	**(129.9)**	**(129.9)**	**(129.9)**	**(129.9)**	**(129.9)**	**(129.9)**	**(129.9)**
Overheads															
Sundry Operating Costs	(9,789.6)	(10,063.5)	(10,264.8)	(10,470.1)	(10,679.5)	(10,893.1)	(11,110.9)	(11,333.1)	(11,559.8)	(11,791.0)	(12,026.8)	(12,267.3)	(12,512.7)	(12,762.9)	(13,018.2)
Staff Costs	(9,260.6)	(9,445.8)	(9,634.7)	(9,827.4)	(10,023.9)	(10,224.4)	(10,428.9)	(10,637.5)	(10,850.2)	(11,067.2)	(11,288.6)	(11,514.3)	(11,744.6)	(11,979.5)	(12,219.1)
Variable Management Costs	(553.9)	(752.2)	(756.5)	(834.2)	(844.4)	(1,046.7)	(1,061.7)	(1,087.7)	(1,168.4)	(1,186.1)	(1,436.9)	(1,571.0)	(1,689.5)	(1,627.9)	(1,876.1)
Total overheads	**(19,604.1)**	**(20,261.4)**	**(20,655.9)**	**(21,131.6)**	**(21,547.8)**	**(22,164.1)**	**(22,601.5)**	**(23,058.3)**	**(23,578.4)**	**(24,044.4)**	**(24,752.2)**	**(25,352.7)**	**(25,946.8)**	**(26,370.4)**	**(27,113.5)**
GROSS EXPENDITURE	**(112,227.5)**	**(131,242.9)**	**(131,051.0)**	**(138,183.8)**	**(140,704.8)**	**(157,957.6)**	**(158,292.7)**	**(161,782.8)**	**(169,097.1)**	**(171,390.3)**	**(190,955.9)**	**(198,527.0)**	**(207,842.5)**	**(203,789.6)**	**(224,497.1)**
NET EXPENDITURE (Levy required)	**(73,343.2)**	**(81,017.0)**	**(79,748.6)**	**(82,043.9)**	**(84,004.5)**	**(85,476.7)**	**(85,532.0)**	**(90,689.9)**	**(89,639.7)**	**(91,779.7)**	**(91,891.5)**	**(93,983.3)**	**(96,782.6)**	**(96,682.4)**	**(103,635.4)**

Franchising - Cash Flows	2026/27	2027/28	2028/29	2029/2030	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	2036/37	2037/38	2038/39	2039/40	2040/41
Income (£m)															
Supported / Franchise Services Revenue	69,807.3	136,837.5	140,881.6	140,472.1	141,593.0	140,891.3	141,317.5	141,915.9	140,026.0	140,625.1	138,657.6	137,384.4	135,647.3	132,805.3	132,604.4
Additional Income	3,879.2	3,987.8	4,067.5	4,148.9	4,231.9	4,316.5	4,402.8	4,490.9	4,580.7	4,672.3	4,765.8	4,861.1	4,958.3	5,057.5	5,158.6
Total income	**73,686.5**	**140,825.3**	**144,949.1**	**144,621.0**	**145,824.9**	**145,207.8**	**145,720.3**	**146,406.8**	**144,606.7**	**145,297.4**	**143,423.4**	**142,245.5**	**140,605.6**	**137,862.8**	**137,763.0**
Expenditure (£m)															
Payments to Operators															
Supported services	(105,346.7)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Franchise payments	-	(190,635.3)	(198,727.6)	(195,120.3)	(195,442.4)	(193,144.6)	(193,243.8)	(193,439.2)	(187,197.0)	(188,266.6)	(183,766.9)	(182,350.9)	(179,653.3)	(176,427.1)	(175,904.2)
ENCTS payments	(25,096.1)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total payments to operators	**(130,442.9)**	**(190,635.3)**	**(198,727.6)**	**(195,120.3)**	**(195,442.4)**	**(193,144.6)**	**(193,243.8)**	**(193,439.2)**	**(187,197.0)**	**(188,266.6)**	**(183,766.9)**	**(182,350.9)**	**(179,653.3)**	**(176,427.1)**	**(175,904.2)**
Financing Costs															
Depot	-	-	(1,657.1)	(1,657.1)	(1,657.1)	(1,657.1)	(1,657.1)	(1,657.1)	(1,657.1)	(1,657.1)	(1,657.1)	(1,657.1)	(1,657.1)	(1,657.1)	(1,657.1)
Fleet	-	-	(1,844.9)	(3,726.7)	(5,646.1)	(7,603.9)	(9,600.8)	(11,637.7)	(13,715.4)	(15,834.6)	(17,996.2)	(20,201.0)	(22,449.9)	(24,743.7)	(27,083.5)
Transitional Costs	-	-	(1,331.6)	(1,331.6)	(1,331.6)	(1,331.6)	(1,331.6)	(1,331.6)	(1,331.6)	(1,331.6)	(1,331.6)	(1,331.6)	(1,331.6)	(1,331.6)	(1,331.6)
Sinking Fund	-	-	(466.1)	(646.0)	(829.5)	(1,016.7)	(1,207.6)	(1,402.3)	(1,600.9)	(1,803.5)	(2,010.2)	(2,221.0)	(2,436.0)	(2,655.2)	(2,878.9)
Total Financing Costs	**-**	**(5,299.7)**	**(7,361.4)**	**(9,464.3)**	**(11,609.3)**	**(13,797.1)**	**(16,028.7)**	**(18,305.0)**	**(20,626.8)**	**(22,995.0)**	**(25,410.6)**	**(27,874.5)**	**(30,387.7)**	**(32,951.1)**	**(35,565.8)**
Overheads															
Sundry Operating Costs	(9,789.6)	(10,063.5)	(10,264.8)	(10,470.1)	(10,679.5)	(10,893.1)	(11,110.9)	(11,333.1)	(11,559.8)	(11,791.0)	(12,026.8)	(12,267.3)	(12,512.7)	(12,762.9)	(13,018.2)
Staff Costs	(8,081.2)	(11,408.1)	(11,636.2)	(11,868.9)	(12,106.3)	(12,348.4)	(12,595.4)	(12,847.3)	(13,104.3)	(13,366.4)	(13,633.7)	(13,906.4)	(14,184.5)	(14,468.2)	(14,757.5)
Variable Management Costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total overheads	**(17,870.8)**	**(21,471.6)**	**(21,901.0)**	**(22,339.0)**	**(22,785.8)**	**(23,241.5)**	**(23,706.3)**	**(24,180.5)**	**(24,664.1)**	**(25,157.3)**	**(25,660.5)**	**(26,173.7)**	**(26,697.2)**	**(27,231.1)**	**(27,775.7)**
GROSS EXPENDITURE	**(148,313.7)**	**(217,406.5)**	**(227,990.0)**	**(226,923.6)**	**(229,837.4)**	**(230,183.3)**	**(232,978.9)**	**(235,924.6)**	**(232,487.9)**	**(236,419.0)**	**(234,838.0)**	**(236,399.1)**	**(236,738.1)**	**(236,609.3)**	**(239,245.7)**
NET EXPENDITURE (Levy required)	**(74,627.2)**	**(76,581.3)**	**(83,040.9)**	**(82,302.6)**	**(84,012.5)**	**(84,975.4)**	**(87,258.6)**	**(89,517.9)**	**(87,881.2)**	**(91,121.6)**	**(91,414.6)**	**(94,153.6)**	**(96,132.5)**	**(98,746.6)**	**(101,482.6)**

Fleet Capital Investment & Financing	2026/27	2027/28	2028/29	2029/2030	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	2036/37	2037/38	2038/39	2039/40	2040/41
Fleet acquisition profile															
Fleet acquired	0	62	62	62	62	62	62	62	62	62	62	62	62	62	62
Cumulative fleet	0	62	124	186	248	310	372	434	496	558	620	682	744	806	868
Fleet Costs (£m)															
Cumulative investment in fleet	-	20,130	40,663	61,607	82,969	104,759	126,984	149,654	172,777	196,363	220,420	244,959	269,989	295,519	321,559
ZEB capital investment to be drawn down	-	20,130	20,533	20,943	21,362	21,790	22,225	22,670	23,123	23,586	24,057	24,539	25,029	25,530	26,041
Financing costs (£m)															
Opening balance	-	-	19,144.9	37,645.3	55,444.5	72,482.6	88,696.8	104,020.9	118,385.1	131,716.2	143,937.2	154,967.2	164,720.8	173,108.9	180,037.2
Drawdown	-	20,130.2	20,532.8	20,943.5	21,362.4	21,789.6	22,225.4	22,669.9	23,123.3	23,585.8	24,057.5	24,538.6	25,029.4	25,530.0	26,040.6
Interest Accrued	-	859.6	1,694.2	2,501.7	3,279.7	4,025.4	4,736.4	5,409.7	6,042.4	6,631.4	7,173.4	7,664.9	8,102.3	8,481.9	8,799.5
Interest Paid	-	(859.6)	(1,694.2)	(2,501.7)	(3,279.7)	(4,025.4)	(4,736.4)	(5,409.7)	(6,042.4)	(6,631.4)	(7,173.4)	(7,664.9)	(8,102.3)	(8,481.9)	(8,799.5)
Principal	-	(985.3)	(2,032.4)	(3,144.3)	(4,324.2)	(5,575.4)	(6,901.4)	(8,305.7)	(9,792.2)	(11,364.8)	(13,027.6)	(14,785.0)	(16,641.4)	(18,601.6)	(20,670.5)
Closing balance	**-**	**19,144.9**	**37,645.3**	**55,444.5**	**72,482.6**	**88,696.8**	**104,020.9**	**118,385.1**	**131,716.2**	**143,937.2**	**154,967.2**	**164,720.8**	**173,108.9**	**180,037.2**	**185,407.3**

Depot Capital Investment & Financing	2026/27	2027/28	2028/29	2029/2030	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	2036/37	2037/38	2038/39	2039/40	2040/41
Depot Capital Investment (£m)															
Total capital investment requirement	9,760.5	7,717.8	-	-	-	-	-	-	-	-	-	-	-	-	-
Accumulative capital investment requirement	22,006.8	29,724.6	29,724.6	29,724.6	29,724.6	29,724.6	29,724.6	29,724.6	29,724.6	29,724.6	29,724.6	29,724.6	29,724.6	29,724.6	29,724.6
Financing costs (£m)															
Opening balance	12,819.4	23,636.7	31,164.8	30,966.3	30,758.5	30,540.9	30,313.2	30,074.8	29,825.2	29,564.0	29,290.5	29,004.2	28,704.6	28,390.9	28,062.5
Drawdown	9,760.5	7,717.8	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest	-	(1,467.4)	(1,458.5)	(1,449.2)	(1,439.5)	(1,429.3)	(1,418.7)	(1,407.5)	(1,395.8)	(1,383.6)	(1,370.8)	(1,357.4)	(1,343.4)	(1,328.7)	(1,313.3)
Principal	-	(189.7)	(198.5)	(207.8)	(217.6)	(227.7)	(238.4)	(249.6)	(261.2)	(273.5)	(286.3)	(299.7)	(313.7)	(328.4)	(343.7)
Closing balance	**23,636.7**	**31,164.8**	**30,966.3**	**30,758.5**	**30,540.9**	**30,313.2**	**30,074.8**	**29,825.2**	**29,564.0**	**29,290.5**	**29,004.2**	**28,704.6**	**28,390.9**	**28,062.5**	**27,718.8**
Gross cost to Authority of depots	**-**	**(1,657.1)**	**(1,657.1)**	**(1,657.1)**	**(1,657.1)**	**(1,657.1)**	**(1,657.1)**	**(1,657.1)**	**(1,657.1)**	**(1,657.1)**	**(1,657.1)**	**(1,657.1)**	**(1,657.1)**	**(1,657.1)**	**(1,657.1)**
Opportunity costs (£m)															
Acquired Land value	9,760.5	7,717.8	-	-	-	-	-	-	-	-	-	-	-	-	-
Cumulative Acquired Land Value	22,006.8	29,724.6	29,724.6	29,724.6	29,724.6	29,724.6	29,724.6	29,724.6	29,724.6	29,724.6	29,724.6	29,724.6	29,724.6	29,724.6	29,724.6
Opportunity cost	-	1,946.8	1,946.8	1,946.8	1,946.8	1,946.8	1,946.8	1,946.8	1,946.8	1,946.8	1,946.8	1,946.8	1,946.8	1,946.8	1,946.8
Total saving from Authority provided depots	**-**	**1,946.8**	**1,946.8**	**1,946.8**	**1,946.8**	**1,946.8**	**1,946.8**	**1,946.8**	**1,946.8**	**1,946.8**	**1,946.8**	**1,946.8**	**1,946.8**	**1,946.8**	**1,946.8**
Net cost to Authority of depots	**-**	**289.8**	**289.8**	**289.8**	**289.8**	**289.8**	**289.8**	**289.8**	**289.8**	**289.8**	**289.8**	**289.8**	**289.8**	**289.8**	**289.8**

West Yorkshire Combined Authority

Tracy Brabin Mayor of West Yorkshire

Bus Reform Assessment Management Case

Final Management Case

September 2023

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1. Introduction

1.1. Purpose

1.1.1 Section 123B of the Transport Act 2000 (as amended by the Bus Services Act 2017) (TA 2000)[1] requires authorities to consider, as part of their assessment, how they would make and operate the proposed franchising scheme.

1.1.2 The Franchising Guidance states that the Authority should consider how it would successfully deliver and manage the options and set out the arrangements it plans to put in place to manage and mitigate risk in relation to each option (paragraph 1.69).

1.1.3 The Franchising Guidance further states that the authority should set out how it intends to manage the transition process from the current system to the introduction of any of the proposed options; and clearly set out any contingency plans for providing replacement services should operators stop running their services before the introduction of the franchising scheme (paragraph 1.70).

1.1.4 This Management Case therefore considers how the Combined Authority would deliver the EP+ and Franchising options, and manage and mitigate risk in each case. It includes the following sections:

- **Section 2 - Current and future operating model competencies and requirements:** describes the Authority's current operating model; and sets out the competencies and incremental resource requirements that will be required to deliver and manage EP+ and Franchising.
- **Section 3 - Transition:** sets out how the Authority would transition from its current operating model to EP+ or Franchising.
- **Section 4 – The Authority's approach to objectives and benefits realisation:** describes the Authority's approaches to the realisation of the objectives and anticipated benefits of the Bus Reform Programme.

[1] See https://www.legislation.gov.uk/ukpga/2000/38/section/123B/2017-04-27

- **Section 5 – Consultation:** sets out the Authority’s approach to consultation.
- **Section 6 - Risk:** sets out Management risks and the arrangements the Authority has put in place to manage risk.
- **Section 7 - Programme management and governance:** sets out the Authority's proposed programme management and governance arrangements.

2. Current and future operating model competencies and requirements

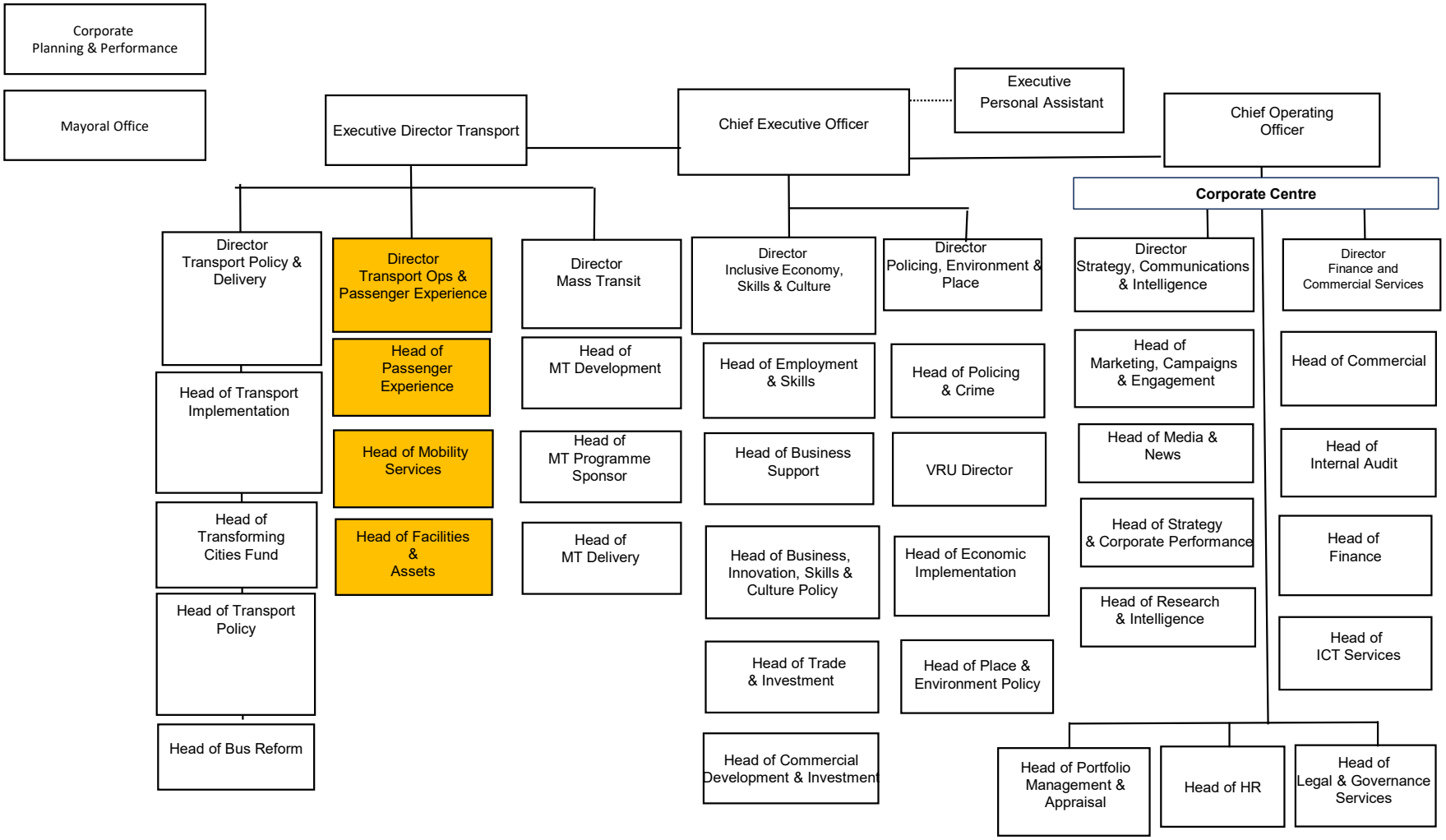
2.1. Introduction

2.1.1 This section considers the organisational structure of the Combined Authority, through which it currently delivers its responsibilities in respect of bus, including Metro, MCard, the West Yorkshire Bus Alliance and the current Enhanced Partnership (EP) – please see Section 7 of the Strategic Case for more detail; and the incremental competencies, systems and resources the Combined Authority would require to deliver the Enhanced Partnership Plus (EP+) or Franchising.

2.2. The Authority's existing responsibilities for bus

2.2.1 The Authority comprises seven Directorates, shown in Figure 1 below. As of April 2023 the Authority is an organisation of 769 FTE.

Figure 1: West Yorkshire Combined Authority current establishment



2.2.2. The Combined Authority's responsibilities under the West Yorkshire Bus Alliance, current EP and relating to MCard are largely implemented through the Transport Operations & Passenger Experience (TOPE) Directorate - highlighted in orange above – supported by the Bus Reform Team. The responsibilities, competencies, systems and resources of the Directorate are shown in Table 1 below.

2.2.3. The teams, led by the Heads of Passenger Experience, Mobility Services and Facilities & Assets, are shown in the organigrams included in Appendix 5.1. The colour-coding used in the organigrams is used in Tables 1, 3, and 4.

Table 1: Current establishment for bus

Function	Responsibilities	Competencies	Systems	Resource (FTE)
Customer Services: Led by the Head of Passenger Experience, the teams described below provide services to and/or engage directly with passengers and operators.				
Financial Processes	This team is split into two sub-teams: **Team 1 – payments and accountancy** ● Manages the process of distributing income generated by sales through MCard back to operators. ● Takes data from all smartcard transactions and uses it to calculate payments due to operators for concessionary fares on all services (c.2,000 contract references). ● Also responsible for reimbursement relating to concessionary fares on commercial services and payments for secured services. ● Aggregates all payments into a monthly payments schedule. ● Most non-school contracts are at a minimum subsidy so receive a fixed amount each month. ● There is a relatively small number of gross cost contracts, therefore a limited amount of revenue-	● Complex data management. ● Complex payments management. ● Monitoring and forecasting and reporting spend, advice to support budget setting. ● Calculate and agree payment rates with bus operators using DfT and other financial models. ● Resolution of queries on payment values raised by operators. ● Management of relationships with operators.	The Combined Authority's corporate finance systems manages payments. Contract values are held on spreadsheet systems. Access to Ticketer portal for some ticket sales data. ITSO and bar code transaction / tap data provided by Yorcard Ltd. Systems in use include: ● CoSA[2]. ● Rosa (Yorcard).	10.85 including 2.00 from ICT Services

[2] The CoSA (Combined Services & Assets) system consists of many modules, some of which are stand-alone and the others interdependent. There are over one hundred registered CoSA users but many more, inside and outside Metro, who use the data maintained within it indirectly via Journey Planners, Route Explorers etc. The software was developed under a Metro contract by MVA Consultancy. The contract was let in 1997 and there is an on-going support contract in place. CoSA modules are broken down into elements of functionality going under the generic heading of "Screens". The core application modules, which support many of Metro's primary business functions, are: Bus Service Registrations; Asset Management (on-street infrastructure); Timetables.

Function	Responsibilities	Competencies	Systems	Resource (FTE)
	checking is required (proportion of gross contracts has increased during and since the pandemic, as operators – particularly SMOs - are less prepared to take revenue risk). **Team 2 – MCard administration** ● Deals with the administration processes related to MCard. ● Collates sales data from paper tickets and smart cards.		● Haven Tills. ● CHASE CRM.	
Data Analysis	This team is also split into two sub teams: **Team 1 – telematics** ● Takes data from operators across West Yorkshire, South Yorkshire, York, Hull and East Riding and parts of North Yorkshire. (the Combined Authority holds and manages a contract with VIX, and other authorities pay the Combined Authority for undertaking this role. The arrangements means that there is one data-feed across Yorkshire, which provides economies of scale. This is an operational arrangement in place since 2055 and which is independent of Franchising/EP+). ● Feeds this data into real-time information systems, including on-street screens and timetables available on-line, including through national systems. **Team 2 – registrations and timetables**	● Complex data entry and management. ● Information management and distribution. ● Knowledge of and interface with real-time information systems. ● Reporting.	Real Time Information (RTI) systems supplied by VIX. The current RTI system is in the process of being upgraded and enhanced. Developments are planned to cover detailed reporting. Data feed can be both incoming and outgoing.	16.20

Function	Responsibilities	Competencies	Systems	Resource (FTE)
	• Takes bus registrations and enters them into a Combined Authority database. • Uses this to generate information for bus timetables, maps and other information for distribution across 12,000 bus stops; and feeds information to on-line sources such as Google, Traveline, CityMapper and Moovit etc.		CoSA assets database for on service registrations, produces. TransXchange (a standard format for bus timetable data) files and creates bus stop timetable displays (links to Naptan (the national database of bus stops) on street assets).	
Frontline Services	Coordinates management and operation of the Combined Authority's Travel Centres (and offices in central Leeds).	• Staff management. • Staff training. • Office management and administration.	Tilling system supplied by Haven (supplier of point of sale hardware and software in use at Travel Centres). Assets are managed in two systems: CoSA (due to be replaced in 2024); and Technology Forge.	1.25 including 0.25 from ICT Services

Function	Responsibilities	Competencies	Systems	Resource (FTE)
Travel Centres	Operates Travel Centres in Bradford, Castleford, Halifax, Huddersfield, Leeds and Pontefract, which are a resource available to answer passengers' travel enquiries. Transdev also runs a travel centre in Keighley. Arriva had travel centres in Dewsbury and Wakefield but closed these in 2020.	• Knowledge of the West Yorkshire transport system. • Query management. • Engagement with the public (face-to-face, by telephone and by email). • Reporting.	Haven Tills, CHASE, Incident Recording.	25.23 including 2.00 from ICT Services
Contact Centre	The Contact Centre manages customer queries, feedback and complaints with regards to MCard, concessionary passes and other travel-related matters. (The Contact Centre is nominally located at the Authority's offices in Wellington Street, Leeds but in practice is a remote operation). This enables the Authority to maintain an overall view of the quality of bus operations across West Yorkshire.	• Knowledge of the MCard system. • Query management. • Engagement with the public (face-to-face, by telephone and by email). • Feedback and complaints management. • Lost property management. • Reporting.	Telephony systems (Buzz Easy). Microsoft Dynamics CRM system for card / pass management; customer access through wymetro.com website. This system is also used to manage feedback ad complaints.	27.31 including 3.00 FTE from ICT Services
Service Development	This team is split into two sub-teams: **Team 1 – transport accessibility**	• Engagement with a range of parties on the needs of people	Contact Centre / telephony system (BuzzEasy).	5.25 including

Function	Responsibilities	Competencies	Systems	Resource (FTE)
	● Engages with groups representing people with a disability and groups representing older and younger passengers. ● Works with operators and councils on accessibility audits. ● Oversees the disability element of free bus pass applications, including appeals, card renewals and card database maintenance. **Team 2 – systems and supplier coordination** ● Oversees app functionality. ● Tests new products. ● Provides technical support to ticketing innovation.	with a protected characteristic (principally age and disability but may be widened to people with other characteristics which are protected by the Equality Act 2010). ● Complex data and process management. ● Appeals management. ● Technical expertise (apps). ● Reporting.	Microsoft Dynamics CRM system for card / pass management; customer access through wymetro.com website. ITSO[3] infrastructure and MCard Mobile ticketing app provided by Yorcard Ltd. Custom Reports + PowerBI dashboards.	0.25 from ICT Services
Transport Services: Led by the Heads of Assets and Mobility Services, the teams described below are responsible for the management of bus-related assets and the planning and delivery of services.				
Facilities & Assets	Responsible for the physical management of buildings - mainly but not exclusively bus-related - across the whole WYCA estate through two sub-teams:	● Asset management and development. ● Contracting with suppliers.	CoSA assets data base for on street assets.	15.50

[3] Integrated Transport Smartcard Organisation - an inter-operable standard for transport smartcard systems - enables cards to be read and transactions managed.

Function	Responsibilities	Competencies	Systems	Resource (FTE)
	Team 1 - asset management ● Responsible for lighting, heating and cleaning across the Authority's estate. **Team 2 – asset development** ● Focuses on asset management and improvement.	● Project management. ● Cost management. ● Reporting.	Technology Forge asset management system for all other assets. CoSA is due to be replaced in 2024 and Technology Forge may be decommissioned and its assets transferred into the new system.	
Bus Stations	Responsible for the operational management of bus stations in Bradford, Castleford, Dewsbury, Halifax, Huddersfield, Keighley, Leeds and Pontefract. The Estate Management team deals with the operation of all of WYCA's tenancies - mostly, but not exclusively, in bus stations. The Police & CCTV Liaison Coordinator role is co-funded with operators and manages the relationship with police and CCTV monitoring. The Combined Authority currently charges operators for use of bus stations, however the revenue	● Complex operational management. ● Relationship management. ● Contract management. ● Cost management.	Technology Forge for asset management. Crime/Incident Reports, Kiosks, Dorma.	41.61

Function	Responsibilities	Competencies	Systems	Resource (FTE)
	generated covers only c.20% of the cost of running bus stations. Wakefield Bus Station is owned and operated by Arriva under covenants which mean that it can only be used as a bus station; and Otley Bus Station is operated by First, who have a lease on the land on which this bus station is located.			
Bus Services	Comprises the following teams: ● **Bus Network Management:** ○ Responsible for all tendered services procurement and contract management. ○ Meets operators to assess whether proposed changes will impact the tendered network. ● **Monitoring and Compliance:** ○ Undertakes "boots on the ground" quality compliance monitoring across all tendered services, Special Educational Needs (SEN) and Access Bus services. ○ On occasions has played a wider quality monitoring role, in partnership with operators.	● Procurement. ● Bid evaluation. ● Contract management. ● Cost management. ● On-street monitoring. ● Data management. ● Relationship management. ● Direct engagement with a range of individuals and organisations on	CoSA services database creates timetables for tender, e-procurement systems. Access to Ticketer portal for operator data Management Information maintained on Excel spreadsheets. Pindar.	26.38

Function	Responsibilities	Competencies	Systems	Resource (FTE)
	○ On-street customer service work, e.g. during rail strikes, or when bus stops have been moved. ● **Highways Network Management:** ○ This team is the interface between the highway and bus networks. ○ Provides information to operators and customers on events, roadworks and diversions. ○ Inputs into bus priority and infrastructure schemes. ● **Door to Door Transport:** ○ Manages the Access Bus service, a demand-responsive, flexibly routed service for people with limited mobility. ● **SEN:** ○ Operates an arrangement with Wakefield Council to manage transport for schoolchildren and people with special needs.	potentially sensitive issues. ● Reporting.	Management Information maintained on Excel spreadsheets. Flexiroute booking & scheduling (supplier 365 Response). (Flexiroute is the AccessBus Dial-a-Ride booking system and driver app, a door-to-door bus service management system for elderly, disabled passengers and schoolchildren).	
Education	This team is jointly funded by partner Councils and the Combined Authority under its LTA responsibilities to fund school transport. It comprises the following sub-teams:	● Procurement. ● Bid evaluation. ● Contract management. ● Cost management.	Planroute system (supplier 365 response). (Planroute is a route Planning and	17.00

Function	Responsibilities	Competencies	Systems	Resource (FTE)
	• **Contracting & Operations:** ○ Responsible for procuring, monitoring and managing tendered services relating to education / schools which the Authority funds. ○ This includes whole routes and the commissioning of early morning and late evening services within routes. • **Customer Services & Eligibility:** ○ Manages agreements with Bradford, Calderdale, Kirklees, Leeds City and Wakefield Councils for home-to-school transport. ○ Commissions, procures and contract manages school bus services, many of which are with SMEs. ○ Administers bus passes for young people and does eligibility administration. ○ Has a contact role with parents and carers. ○ Has a safeguarding role/responsibility.	• On-street monitoring. • Data management. • Relationship management. • Direct engagement with a range of individuals and organisations on potentially sensitive issues. • Reporting.	booking system for education transport). CoSA, Flexiroute.	
Leadership				
Leadership	Leadership roles within the Directorate include: • Head of Customer Services. • Head of Mobility Services. • Head of Assets. • Service Delivery Manager x 2.	• Senior-level leadership, management and reporting skills.	N/A	6.00 * plus Head of Bus Reform

Function	Responsibilities	Competencies	Systems	Resource (FTE)
	The Leadership Team is supported by 1 FTE Personal Assistant.			
			TOTAL FTE	**190.58 (including 4.50 from ICT Services)**

* This figure does not include the Director of TOPE on the basis that it is an Authority-wide post.

2.2.5 The TOPE Directorate draws on other Directorates as required, as shown in Table 3 below.

Table 3: support provided by other Directorates

Commercial	• Develops and runs procurement processes (including drafting tender documentation, organising and running evaluations) • Provides strategic contract management (advice to operational contract managers in the Bus Services team)
Legal	• Provides legal advice and support
HR	• Manages workforce and implements HR strategies. • Provides support in recruiting, employing and managing staff. • Provides support in specifying and procuring training required.
ICT	• Systems maintenance • Developing specifications for new systems required • Developing training specifications
Communications	• Develops and implements communication and engagement strategies and plans.
Evaluation	• Undertakes evaluations of the Authority's programmes and projects, as set out in the Evaluation Strategy attached at Appendix 5.2.
Programme Management	• Provides programme and project management skills and expertise.
Bus Reform	• Provides administrative and policy support to the West Yorkshire Bus Alliance, BSIP funding allocations, policy development and operator engagement.

2.3. Extending the Combined Authority's responsibilities to deliver EP+

2.3.1. The Combined Authority's view is that the incremental roles which the Authority would acquire under EP+ would be limited in comparison with the current EP. EP+ will therefore entail limited change in terms of resourcing. Unlike Franchising, it is likely that there would be some duplication of roles between the Authority and operators.

2.3.2. The additional responsibilities and incremental competencies and resource required are shown in the table below. The majority of these roles are likely to duplicate roles currently undertaken by operators – where this is the case they are shown as “DP”. Some roles would be incremental recruits – shown as “NP”.

2.3.3. FTE resource will be brought in through a phased process, described in section 3 – Transition.

2.3.4. The incremental FTE requirements for the EP+ described in Table 3 below (and the requirements for Franchising described in Table 4 which follows), were developed through workshops with senior representatives of the Combined Authority on 30 November and 13 December 2022 and validated in a workshop held on 5 and 6 April 2023. The requirements for EP+ have further been considered in response to operators proposals (see appendix 1.3). The resourcing assumptions align with the Lotting, and Fleet Strategies attached at Appendices 3.1 and 3.2.

2.3.5. The Transport Operations & Passenger Experience Directorate will continue to draw on resources available from other Directorates as required.

Table 3: Incremental requirements – EP+

Function	Responsibilities	Incremental competencies	Incremental systems	Incremental FTE	NP or DP
Financial Processing	There will be a requirement for some additional resource (less than under Franchising) to facilitate the additional services predicted from better operator outcomes under EP+. It is not expected that there will be substantially more supported services.	Under EP+ a higher value of fares revenue will flow though the Combined Authority necessitating an uplift in payment processing and utilisation monitoring resources.	Changes to CoSA or replacement SaaS solution currently being procured. The new model of funding will need to be specified, designed, implemented. Potential impact on Rosa+MCard App (Yorcard), Haven (tilling), MCard Mobile App (Molten Mouse), Contract Monitoring and Compliance App (internal) will require evaluating. This may be business rule change, branding, revised product range.	4.50 including 0.50 FTE in ICT Services	NP
Data Analysis	1 incremental FTE has been added to reflect the assumption that the Combined Authority will assume	None identified - required competencies will not be substantially different to those which WYCA already	No new system requirements.	1.00	N/A

Function	Responsibilities	Incremental competencies	Incremental systems	Incremental FTE	NP or DP
	Traffic Commissioner powers under EP+.	has to administer Mayor's Fares.			
Frontline Services	No incremental FTE resource will be required to that described in Table 1.	None identified.	No new system requirements.	0.00	N/A
Travel Centres	No incremental resource will be required.	None identified.	No new system requirements.	0.00	N/A
Contact Centre	Operations will remain essentially the same under EP+, although additional resource could be required to engage with operators. The Authority's view is that under EP+, the Authority will not provide additional resource to that provided by operators but will share the cost. Costs equivalent to: - 2 Customer Services Team Leaders - 4 Customer Services Advisers - 4 Customer Service Advisers have therefore been accounted for in the calculation of incremental costs, with the Authority being responsible for 50% of this cost.	None identified.	No new system requirements.	0.00	Costs to be shared between Combined Authority and operators
Service Development	EP+ would be more complex than Franchising as a multi-operator price-capping environment will require	Competencies related to multi-operator fare-capping	No new system requirements.	2.00	NP

Function	Responsibilities	Incremental competencies	Incremental systems	Incremental FTE	NP or DP
	additional resource to gather and aggregate data. 2 incremental Systems & Supply Coordinators have therefore been assumed and these would be new posts.				
Facilities & Assets	Fleet and assets already managed by the operators will remain under their management, therefore no incremental resource will be required.	None identified.	No new system requirements.	0.00	N/A
Bus Stations	No incremental resource will be required.	None identified.	No new system requirements.	0.00	N/A
Bus Services	Incremental resource will be required in the following areas: ● **Bus Network** ○ The team would have an increased compliance and negotiation role. The following incremental FTEs have therefore been assumed: ○ 2 Bus Procurement Coordinators (possibly amended to "Partnership Coordinators")	● Incremental compliance and negotiation-related competencies.	RTI reporting system could be upgraded to cover the service performance. Upgrade will cost approximately £50,000.	18.00	DP and NP

Function	Responsibilities	Incremental competencies	Incremental systems	Incremental FTE	NP or DP
	○ The Authority would also need incremental planning resource. The following incremental FTEs have therefore been assumed: ○ 1 Bus Network Planner. ○ 1 Bus Services Coordinator. ○ The following have been added in with respect to an Authority-run Bus Control Centre, based on precedent: ○ 1 Control Room Manager ○ 2 Assistant Control Room Managers ○ 10 Control Room Officers ● **Highways Network** ○ 1 incremental Highways Network Manager has been assumed. The majority of roles would be duplicative of roles already undertaken by operators.				

Function	Responsibilities	Incremental competencies	Incremental systems	Incremental FTE	NP or DP
	Under EP+, operators have committed to provide 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.				
Education	No incremental resource will be required.	None identified.	No new system requirements.	0.00	N/A
Leadership	No additional leadership posts will be required.	Experience and expertise gained in a partnership environment.	No new system requirements.	0.00	N/A
		Total		**25.5 (including 0.50 from ICT Services)**	

2.4. Extending the Authority's responsibilities to deliver Franchising

2.4.1 Franchising will entail an expansion of responsibilities which will require incremental competencies and resource. Through internal discussion and analysis during the development of this assessment, the Combined Authority has concluded that delivery of these responsibilities can be achieved through the existing corporate structure and that no changes to the existing structure are required. The Combined Authority is however prepared to consider whether delivery through other structures would deliver better results, some of which are dependent on the development of other Combined Authority projects such as Mass Transit.

2.4.2 Whilst the Mass Transit programme does offer opportunities for the Combined Authority to explore different models of operation and service provision for the region's wider public transport offer, it is currently at an early feasibility phase and it yet to secure funding for construction. As part of this development phase, the Mass Transit programme is exploring a variety of models for operation, and this will likely consider the potential for bus to be included in a wider operational model.

2.4.3 Fundamentally, delivery of Mass Transit cannot yet be assumed. 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, and this Management Case, to proceed with exploring a standalone operational model for the delivery / early stages of operation of Franchising. 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.

2.4.4 The additional responsibilities, numbers of additional FTE personnel and incremental competencies required for the steady state operation of

Franchising following Transition are shown in the table below. The table also indicates where these would be filled via external recruitment to new posts (NP) or transferred in from operators (TF). FTE resource will be brought in through a phased process, described in Section 3 – Transition.

2.4.5 The TOPE Directorate will continue to draw on resources available from other Directorates as indicated in paragraph 2.2.5 above.

Table 4: Incremental requirements - Franchising

Function	Responsibilities	Incremental competencies	Incremental systems	Incremental FTE	NP or TF

Financial Processing	**Team 1 – payments and accountancy**
	○ The Combined Authority's role is complex and might simplify under Franchising, with less transferring of revenues from Authority to operators required. Under gross cost contracting, payment could move to paying all operators at the end of the month. (This will also depend on decisions taken with regards to the number of Lots and the lotting schedule.)
	○ Some reorganisation and incremental FTE will be required, including:
	  ○ 1 Accountancy Assistant.
	  ○ 2 Operator Payments Assistants.
	  ○ 2 Forecasting Officers.
	
	Team 2 – MCard administration
	● Under Franchising the Authority's current view is that
		None identified.	Changes to CoSA or replacement SaaS solution currently being procured. The new model of funding will need to be specified, designed, implemented.
			
			Potential impact on Rosa+Mcard App (Yorcard), Haven (tilling), MCard Mobile App (Molten Mouse), Contract Monitoring and Compliance App (internal) will require evaluating. This may be business rule change, branding, revised product range.
				9.00 (including 1.00 FTE in ICT Services)	All NP

Function	Responsibilities	Incremental competencies	Incremental systems	Incremental FTE	NP or TF
	a single multi-operator app will be the only app through which passengers can plan their travel and purchase tickets, with Operator apps falling away during Transition (although Operator apps will still have use in cross-boundary travel). ● As this team takes sales revenue from each of the MCard product groups, it is likely that the transactions to reimburse Operators will simplify and reduce in volume, although complexity may remain with regards to school buses and small operators. ● There will be a simplified fare structure offered through a singular entity under Franchising. The current working assumption is that it will sit with the TICCO, therefore there will be no				

Function	Responsibilities	Incremental competencies	Incremental systems	Incremental FTE	NP or TF
	incremental cost to the Authority. ● Incremental resource is therefore likely to be required only in revenue and cost analysis to support contract management. ● Additional resource may also be needed for the promotion of sales channels. ● 1 incremental FTE at Sales Team Leader grade and 2 incremental FTE at Sales Administrator grade have therefore been added.				
Data Analysis	**Team 1 – telematics** ● No incremental resource will be required. **Team 2 – registrations and timetables** ● The Combined Authority will assume the registration responsibilities of the Traffic Commissioner, and therefore added in added in one FTE	None identified.	No new system requirements.	2.00 (inc. 1.00 FTE in ICT services).	N/A

Function	Responsibilities	Incremental competencies	Incremental systems	Incremental FTE	NP or TF
	Registration Officers role to support this. ● Whereas currently bus Operators manage the timetabling of routes, under Franchising the Authority would be able to specify the exact frequency, timing and number of buses for each service. ● This means that under Franchising it is likely that timetables will be more stable, the number of changes and therefore resource required may reduce.				
Frontline Services	No incremental resource required to those described in Table 1.	None identified.	No new system requirements.	0.00	N/A
Travel Centres	There may be changes to retail and ticketing and how enquiries are handled under Franchising, and there may potentially be some reductions in FTE on the Authority side / transfers in from operators, but overall the impact is likely to be neutral.	None identified.	No new system requirements.	0.00	Some TF possible

Function	Responsibilities	Incremental competencies	Incremental systems	Incremental FTE	NP or TF
	If the Dewsbury Travel Centre is reopened, this would mean that the Authority would need to supply 1 incremental FTE, but it is likely that this could be compensated for elsewhere. If the operation of the Keighley Travel Centre moves from Transdev to the Authority, this would mean that 1 FTE would transfer to the Authority. The Authority would be inclined not to reopen the Wakefield Travel Centre in its current form. The Authority has therefore assumed no incremental FTE but recognises that there may be some reorganisation of resource and possible resource transfers in from operators.				
Contact Centre	The FTE requirement could increase for the following reasons: ○ First and Arriva have contact centres based in Leeds.	● Incremental complaints and feedback investigation competencies.	No new system requirements.	10.00	TF

Function	Responsibilities	Incremental competencies	Incremental systems	Incremental FTE	NP or TF
	Under Franchising it is likely that this operation would pass to the Combined Authority. ○ Under current arrangements passenger feedback and complaints which come to the Combined Authority are passed back to the Operators to respond to. Under Franchising it is likely that this responsibility would pass to the Combined Authority. ○ There will need to be interaction with Operators to investigate complaints; and senior resource will be required to handle complaints which are service-related rather than incidental, and to aggregate complaints and feedback into strategic recommendations. ○ It will also need to be determined whether the Authority or operators will be responsible for lost property.	● Engagement with operators to investigate complaints. ● Lost property handling. ● Incremental reporting competencies.			

Function	Responsibilities	Incremental competencies	Incremental systems	Incremental FTE	NP or TF
	The Authority's current assumption is that the following incremental resource will be required: ● 2 Customer Services Team Leaders. ● 4 Customer Services Advisers. ● 4 Customer Service Assistants. It is also assumed that these resources will be transferred in from operators. The Authority has received the following information from operators with regard to their contact centre operations: **Arriva:** Arriva has stated that their Contact Centre employs 24 FTE, including 1 x Head of Customer Services, 5 x Team Leaders and Management Information (MI) specialists and advisers. The				

Function	Responsibilities	Incremental competencies	Incremental systems	Incremental FTE	NP or TF
	tasks they complete include: team management, Management Information reporting, escalated complaints, responding to general enquiries such as bus timings, answering calls, responding to e-mails, social media posts, Trust Pilot and Google reviews, processing refunds and credits, conducting new hire recruitment, training new and existing staff and people management. If staff were to transfer to the Authority, the number of staff dealing specifically with West Yorkshire would need to be identified. **First:** First have stated that c.9 FTE are responsible for the West Yorkshire operation within the centralised "First Contact Centre", across Social, Live Chat, Telephony and Webforms. **Transdev:**				

Function	Responsibilities	Incremental competencies	Incremental systems	Incremental FTE	NP or TF
	Transdev have stated that 2 FTE can be attributed to the WY element of their contact centre. Dialogue with operators will therefore be required once the decision to progress to Franchising has been made to understand their procedures and resourcing models, and these assumptions will need to be refined.				
Service Development	The role of Systems & Supply Coordinator may expand under Franchising as a result of the move to a multi-operator "tap and cap" environment. 1 incremental FTE has therefore been assumed, and it is likely that this would be filled via external recruitment.	• Incremental competencies related to a multi-operator "tap and cap" environment.	No incremental systems required.	1.00	NP
Facilities & Assets	Under Franchising the Authority will acquire responsibilities under depot and fleet management. The following incremental FTEs have therefore been assumed:	• Depot management. • Fleet management.	Expanded asset management system will be required.	8.00 (including 1.00 FTE from ICT Services to manage an expanded	NP and TF

Function	Responsibilities	Incremental competencies	Incremental systems	Incremental FTE	NP or TF
	● 1 Head of Fleet Strategy. ● 2 Asset Managers. ● 1 Contract Compliance Assistant. ● 1 Asset Management Systems Administrator. ● 1 Asset Management Assistant. ● 1 Infrastructure Schemes Assistant It is likely that these roles would be filled via a combination of external recruitment and transfers in from operators.			asset management system.)	
Bus Stations	No incremental resource required.	None identified.	No new system requirements.	0.00	N/A
Bus Services	Incremental resource will be required in the following areas: ○ **Monitoring & Compliance:** ○ The current resource works across tendered services, SEN and Access	● Complex performance data monitoring. ● Procurement, bid evaluation and contract management in a franchising environment.	RTI system reporting could be upgraded to produce automatic reports. The system contains a large amount of data that can be used to monitor	36.00 (including 1.00 for ICT Services)	Mainly TF. It is possible that some roles may need to be

Function	Responsibilities	Incremental competencies	Incremental systems	Incremental FTE	NP or TF
	Bus, which account for 15-20% of services by mileage. ○ Under Franchising the team will need to plan, specify and commission diversionary routes and other changes to service provision arising from highway works. ○ Under Franchising the team will need to cover all services and its capacity/capability to monitor data on punctuality, reliability and journey times will need to be increased. ○ 3 Quality Compliance Officers have therefore been added. ○ The role of the Monitoring & Surveying Team Leader may be upgraded in seniority. ○ **Bus Network:**	● Service permitting. ● Revenue protection. ● Schedule optimisation. ● Instruction to operators on highways-related changes.	system performance automatically. Up to £100k investment required for system changes.		externally recruited.

Function	Responsibilities	Incremental competencies	Incremental systems	Incremental FTE	NP or TF
	○ This team currently manages tendered service procurement and contract management. ○ It will be expanded considerably under Franchising to procure and manage all franchise agreements and manage permitting. ○ The team will also have increased/incremental roles in: ● Optimising schedules to match passenger demand. ● Revenue protection. ○ The following have therefore been added: ● 3 Procurement Officers, who will be responsible for the procurement and contract management of Lots and smaller contracts.				

Function	Responsibilities	Incremental competencies	Incremental systems	Incremental FTE	NP or TF
	● 2 Bus Service Analysts to support performance management. ● 3 Bus Network Planners. ● 2 Bus Services Coordinators. ● 2 Data Administrators. ● 2 Technical Advisers, to support ongoing discussions with operators. ● 3 Revenue Protection Officers. ○ These roles could transfer from the Operators to the Combined Authority. ○ The support of 1 Commercial Manager and 1 Procurement and Contracts Officer from the Commercial Department has also been added in ○ The following have been added in with respect to an				

Function	Responsibilities	Incremental competencies	Incremental systems	Incremental FTE	NP or TF
	Authority-run Bus Control Centre, based on precedent: ○ 1 Control Room Manager ○ 2 Assistant Control Room Managers ○ 10 Control Room Officers ○ **Highways Network:** ○ This team will have an expanded role in coordination between local authorities and Operators. ○ The team's role will also evolve from information-provision to operators to instruction. ○ No incremental FTEs have been added, however it is likely that some increase in seniority may be required.				
Education	The Customer Services & Eligibility team would not change under Franchising. The Contracting & Operations team would require additional FTE to manage relationships with	None identified.	Under franchising it is assumed that there will be greater involvement of the Combined Authority to co-ordinate and monitor the compliance of all	2.50 (including 0.50 FTE for ICT Services)	NP

Function	Responsibilities	Incremental competencies	Incremental systems	Incremental FTE	NP or TF
	operators on school bus services. The Combined Authority has therefore added: ● 1 incremental Planning & Operations Assistant. ● 1 incremental School Bus Network Planner. It is likely that these would be externally recruited.		contracts run by private operators including home to school and school activities (e.g. swimming) contracts. It is expected that this will require more involvement of the Combined Authority and will generate greater IT day to day activities.		
Leadership	No additional leadership posts will be required.	● Experience and expertise gained in a franchising environment.	No new system requirements.	0.00	
		TOTAL		**68.50 (including 4.50 from ICT Services)**	

2.5. Summary of resourcing requirements

2.5.1 The table below summarises the resourcing position between current establishment, EP+ and Franchising.

Table 5: Summary of resourcing requirement

Department	Current establishment	EP+	Franchising
	Existing FTE	Incremental FTE	Incremental FTE
Customer Services – Financial Processes	8.85	4.00	8.00
Customer Services – Data Analysis	16.20	1.00	1.00
Customer Services – Front Line Services	1.00	0.00	0.00
Customer Services – Travel Centres	23.23	0.00	0.00
Customer Services – Contact Centre	24.31	0.00	10.00
Customer Services – Service Development	5.00	2.00	1.00
Transport Operations – Facilities & Assets	15.50	0.00	7.00
Transport Operations – Facilities & Assets (Bus Stations)	41.61	0.00	0.00
Transport Operations – Bus Services	26.38	18.00	35.00
Transport Operations – Education	17.00	0.00	2.00
Leadership	7.00	0.00	0.00
ICT Resource	**7.50**	**0.50**	**4.50**
Total incremental FTE	**0.00**	**25.50**	**68.50**
Overall Total FTE	**193.58**	**219.08**	**262.08**
Incremental Cost p.a.	**N/A**	**£1,058,378**	**£2,784,900**
5% contingency		**£52,919**	**£139,245**
Incremental Cost p.a. with 5% contingency (used in the financial model)		**£1,111,297**	**£2,924,145**

2.5.2 The “incremental cost” figures shown above are calculated on the basis of the Authority’s 2023/24 staff costs (including salary, pension and National Insurance

contributions), with no indexation applied.[4] They have been transferred to the financial model.

[4] MCard is a benefit to all new employees, although whether an MCard is offered to employees transferred in from operators under TUPE conditions would be dependent on the adoption of terms and conditions. It is also not included in the on-costs to salaries but is paid out of a separate HR budget.

2.6. Delivering on additional responsibilities under Franchising

2.6.1. This sub-section considers the Combined Authority's roles under Franchising for the following service areas:

- Ticketing and fares.
- Identity and branding.
- Driver training.
- Public perception and behaviour change.
- IT requirements

Ticketing and fares

2.6.2. This sub-section considers:

- How fares are currently set, collected and distributed among operators in West Yorkshire, and the technology that is in place to facilitate this.
- How fares would change under the proposed Franchising model.
- What investments and operating costs would be required to make the switch.

Current Ticketing System and Fares

2.6.3. At present customers are able to use either Operators' ticket ranges and/or tickets from the MCard ticket range, meaning there is a level of competition between MCard and the Operators' tickets. Fares are generally set by operators (as required under bus legislation) but with interventions from the Combined Authority - such as the current Mayor's fares promotion. (See also section 3.4 of the Commercial Case).

2.6.4. There are currently 79 ticket options offered by MCard[5] and the larger Operators in West Yorkshire (First, Arriva and Transdev) and Stagecoach who come into the region from South Yorkshire. Further ticket options are offered by smaller Operators.

2.6.5. The pricing of multi operator products (daily and season products) for the M-Card product is set by operators in accordance with the JV arrangements

[5] This includes tickets which can be used on rail services.

introduced in respect of the statutory ticketing scheme made by the Combined Authority, through the ticketing company West Yorkshire Ticketing Company Limited (the TICCO). The TICCO is owned by bus and rail operators in West Yorkshire together with the Combined Authority, with the Combined Authority administering the ticketing scheme on the TICCO's behalf. The TICCO has been in position for approximately 15 years as a mechanism which enables the setting of multi operator ticket prices. The West Yorkshire Multi Operator Multi Modal Ticketing Scheme was made in 2016. This compels bus operators to accept MCard tickets using powers under section 135 – 138 of the Transport Act (2000).[6] The TICCO owns the intellectual property rights to MCard.

2.6.6. More recently, the Combined Authority has introduced 'Mayor's Fares', which came into effect on 4 September 2022 a BSIP funded joint commitment with Operators through the EP. Mayor's Fares offer the public capped fares at £2.00 per single and £4.50 for a day fare. Under this arrangement, Operators continue to set the underlying fare, and the Combined Authority reimburses Operators in respect of the impact of the cap on fares, with the objective that Operators are no better or worse off financially as a result of the Mayor's Fares scheme. This has in effect replaced most of the own operator tickets and become the default ticket in West Yorkshire.

2.6.7. The daily fare capping in place for across all operators in West Yorkshire means that if a customer is making three or more journeys they could purchase a multi-operator capped day ticket, at £4.50 (June 2023 prices).

2.6.8. The Combined Authority is planning to expand this system to include tap and cap across multi-operator tickets. Daily capping across tap and cap is currently available on single operator tickets from Arriva, First and some Transdev services.

2.6.9. This ticketing intervention is being eased in by all current Operators using the same technology provider to collect customer data - this means that the

[6] See https://www.legislation.gov.uk/ukpga/2000/38/section/135 https://www.legislation.gov.uk/ukpga/2000/38/section/136; https://www.legislation.gov.uk/ukpga/2000/38/section/137 https://www.legislation.gov.uk/ukpga/2000/38/section/138

provider can provide information to allow Operators to cap fares without them having to share data. This should not be considered a barrier to entry for Operators: for example, the MCard app is a bar code entry scheme, but not all Operators have barcode readers on their buses. This means that drivers have to visually inspect barcodes and the Combined Authority does not receive customer data. Inconsistent application of technology is not therefore a barrier to entry, but it is an impediment to service efficiency.

2.6.10. There has been a significant switch to mobile ticketing in West Yorkshire, and therefore the amount of cash being collected by operators has reduced.

2.6.11. MCard revenue is collected by the Combined Authority, now predominantly through the MCard app. The funds collected from this are administered and distributed by the TICCO.

Fare changes under Franchising

2.6.12. Under Franchising, the Combined authority will have sole responsibility for determining and implementing fares and ticketing. The guiding principles on fares and ticketing for Franchising are simplification, (singular or reduced fare structure), fare capping across more journey types (not just daily), and singular brand / identity for ticketing transactions.

2.6.13. Therefore, Franchising does not involve a wholesale change in fares: fares would continue to be set at broadly the same level as under the other options.

2.6.14. However, under Franchising the Combined Authority will simplify the existing ticket systems: all fares will be valid on all franchised services, with no need for Operator specific fares. This will provide a better customer experience. During Transition (see section 3), fares will be set under permitting in agreement with operators. Single operator products will disappear on day 1 of Franchising.

2.6.15. Some non-West Yorkshire tickets may/will remain, for example on cross boundary services, (although the Combined Authority will consider whether these services would be required to accept West Yorkshire tickets in the Franchised area), other services operating under service permits and exempt services. This clearly eliminates many of the products currently on offer to the public.

2.6.16. It does create a need for some Combined Authority products which provide better value than the Authority-wide MCard – for example, cheaper local season tickets covering areas which are currently covered by single Operator products.

2.6.17. Therefore, in the Economic and Financial Cases it has been assumed that these cheaper local season tickets are available, and the overall impact is a small net benefit to customers.

The role of TICCO under Franchising

2.6.18. This Management Case only addresses incremental resource under Franchising required by the Authority; it does not address the TICCO operating model.

2.6.19. Whilst the details of the operating model of the TICCO under franchising do need to be developed further, it would not be expected to have to be materially different from that which applies today. There will continue to be multiple operator entities in the market (train operating companies and cross-boundary bus operators, operating under permit, who offer multi-operator and multimodal tickets and products) and therefore some entity (either a TICCO or the Combined Authority) will need to manage reimbursement for those products. There may be potential for simplification of the role of operators within the TICCO, but as multi-operator ticketing will still need to comply with Competition Law / Ticketing Block Exemption, the basic model is likely to remain the same.

2.6.20. The TICCO Board is aware of the Bus Reform assessment and is ready to discuss its future operating model post a Mayoral decision, including how any potential transition period arrangements are implemented. It is assumed that any operators who do not successfully bid for Franchised service contracts (or run exempt services in the region) would step away from the TICCO, and that the shift of revenue risk primarily to the Combined Authroity would make negotiations with bus operators easier to manage than under current TICCO arrangements.

Technology required to implement new fares under Franchising

2.6.21. As with fares, there is no intention to significantly enhance the ticketing system under Franchising: the intention is to continue with similar outlets for the purchasing of fares.

2.6.22. This means that Operators would continue to provide ticket machines on buses which are compatible with the Combined Authority's consolidation systems. Operators would also collect cash fares and these would be netted off any payments to be made to them by the Combined Authority.

2.6.23. Multi-operator tickets would all be sold through the Combined Authority's own systems. There would be a cost in implementing the potential new products mentioned in fare changes heading above, but this will not be significant, and similar in cost to annual updates of fares (see section 2.3.7).

2.6.24. The back-office systems required to manage the new ticketing structure (and turn data into management information) would also require little adjustment to what exists today. (This is reflected in proposed changes to the Financial Processing team, described in section 2).

2.6.25. Therefore, the transitional costs for the new ticketing system do not have to be significant to implement Franchising. There will likely be a case for investment in a new ticketing system in the future, but this does not appear to be required for the implementation of the proposed franchising model. (See systems investments described in section 2).

Identity and branding

2.6.26. The Combined Authority possesses strong capability to develop a coherent brand for the franchised services in the Marketing, Campaigns & Engagement department, which is part of the Strategy, Communications & Intelligence Directorate.

2.6.27. The TOPE Directorate will work with Marketing & Campaigns to develop a brand identity, which will be specified in the franchise agreements.

2.6.28. A branding plan will also be developed so that, as the Combined Authority acquires fleet and depots (see Commercial Case), these can be given a consistent identity.

Driver training

2.6.29. The Authority's engagement in driver training has been limited to advising operators on disability awareness training. It is envisaged that the Combined Authority may wish to specify specific additional training modules beyond that prescribed by driver Certificate of Competence (CPC) such as disability awareness. The Combined Authority has also funded new driver training through its Adult Education Budget aimed specifically at bolstering the availability of bus drivers to the SME sector.

Public perception and behaviour change

2.6.30. The Combined Authority will seek to foster a positive perception of bus services by local people through the approach described below:

- Build on momentum to target less frequent bus users / non bus users.
- Begin by building positive perceptions of using the bus with storytelling and targeted marketing. Positive perception + positive experience = behaviour change.
- Leverage high performing bus routes, routes with potential for growth and routes with new infrastructure to help paint a positive picture of using bus in our region.
- Work with the Authority's Research and Intelligence team and Operators to identify:
    - Three or four routes across the region with capacity for passenger growth.
    - Areas where bus frequency/provision is good and/or there is new or improved infrastructure.
    - Areas where there is high dependency on bus.
    - Car ownership areas and where air quality is likely to be worse.
    - Audience behaviour and likely channels (using Acorn data[7]).
    - Stakeholders along specific routes.

[7] Acorn is a geo-demographic segmentation of residential neighbourhoods in the UK. It classifies each postcode in the country into one of 62 types. The 62 types aggregate into 18 Acorn groups which lie within 6 Acorn categories at the top level. A full description can be found at https://www.gov.uk/government/statistics/quality-assurance-of-administrative-data-in-the-uk-house-price-index/acorn-consumer-classification-caci#:~:text=Acorn%20is%20a%20geo%2Ddemographic,categories%20at%20the%20top%20level.

- Current patronage data along specific routes to benchmark and track success.

2.6.31. The Combined Authority will develop a campaigns strategy based around the following:

- Highly targeted integrated campaigns to target segmented audiences depending on location and demographic. Audiences to receive the right message for them, at the right time, in the right place.
- Utilise various behaviour change models such as COM-B[8].
- Positive storytelling, using relatable case studies to demonstrate how the bus connects people to job opportunities, education, socialising, cultural enrichment, appointments.
- Running alongside complementary campaigns – integrating all travel options.

IT requirements

2.6.32. The Combined Authority has considered whether its existing ICT systems will be fit for purpose for the scaling up needed for Franchising.

2.6.33. Overall the Combined Authority's view is that recent and current digital transformation activities are future proofing many of its systems so that they are appropriate for Franchising. These changes include:

- New integrated system to replace the transport assets solution (due 2024).
- Updated RTI system (due 2023) which would be used to mandate the franchisees to adopt the same depot end systems and may need stronger reporting.
- Improved security and access via a "new landing zone" to enable third parties to integrate with the Combined Authority's systems (due 2023).
- Migration of virtually all on-premise systems into the Azure cloud.

[8] The COM-B model proposes that there are three components to any behaviour (B): Capability (C), Opportunity (O) and Motivation (M). In order to perform a particular behaviour, one must feel they are both psychologically and physically able to do so (C), have the social and physical opportunity for the behaviour (O), and want or need to carry out the behaviour more than other competing behaviours (M). As each of these components interact, interventions must target one or more of these in order to deliver and maintain effective behaviour change. A full description is available at https://social-change.co.uk/files/02.09.19_COM-B_and_changing_behaviour_.pdf

- A new data platform to enable all WYCA data to be stored and queried (which the Combined Authority would expect to store bus franchising records).
- Open data systems to be implemented in 2023/24 improved third party access to Combined Authority systems and information.
- Microsoft 365 eco system will enable use of apps such as PowerBI for revenue monitoring and 365 plug-ins to for the creation of a bus scheduling system.

2.5.34 However, the following additional systems will be needed:

- 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.
- A budget of £200,000 has been factored into the Authority's costings with respect to the above.

3. Transition

3.1 Introduction

3.1.1 This section sets out the transitioning in of incremental resource during any Transition period from the current EP to steady-state EP+ or Franchising, as well as the Combined Authority's specific additional resourcing requirements during the Transition to Franchising.

3.1.2 Under EP+, Transition is a two-year period which commences with a Mayoral decision to proceed with the EP+ option (currently assumed to take place no later than 1 April 2024). The transitioning in of incremental resource would be necessary to be ready for steady state, but a dedicated Transition team would not be required.

3.1.3 Under Franchising, Transition is a four-year period from the same date. This is described in more detail in section 5 of the Commercial Case. As well as the transitioning in of incremental resource to be ready for steady state, unlike under EP+, a dedicated Transition team would also be required to manage the additional activities that come with implementing a Franchising scheme – these resource requirements and responsibilities are set out in Section 3.4.

3.2. Transition to steady-state EP+

3.2.1. The transitioning in of incremental resource for EP+ is assumed to take place over a two-year period, as shown in Table 6 below. Costs shown are based on 2023/24 staff costs and are not indexed.

Table 6: transfer in of incremental resource during Transition to EP+

Department	Year 1	Year 2	Incremental FTE
Leadership	0.00	0.00	**0.00**
Transport Operations - Bus Services	9.0	9.0	**18.00**
Transport Operations - Facilities & Assets	0.00	0.00	**0.00**

Customer Services - Financial Processes	2.00	2.00	**4.00**
Transport Operations - Education	0.00	0.00	**0.00**
Customer Services - Contact Centre	0.00	0.00	**0.00**
Customer Services - Service Development	2.00	0.00	**2.00**
Customer Services - Data Analysis	1.00	0.00	**1.00**
Customer Services - Front Line Services	0.00	0.00	**0.00**
Customer Services - Travel Centres	0.00	0.00	**0.00**
Transport Operations - Facilities & Assets (Bus Stations)	0.00	0.00	**0.00**
ICT	0.00	0.50	**0.50**
Totals	**14.00**	**11.50**	**25.50**
Incremental cost p.a.	**£581,071**	**£1,058,378**	
5% contingency	£29,054	£52,919	
Incremental cost p.a. with contingency	**£610,124**	**£1,111,297**	

3.2.2. In addition, the following costs have been assumed:

- A cost of £50,000 for upgrades to the RTI reporting system.
- 0.5 FTE resource (Grade K) from the ICT department has been assumed to manage this (a cost of £29,904 in Year 1).
- 1 FTE Registration Officer at Grade F added to reflect the fact that the Authority will assume traffic registration powers (a cost of £30,906 in Years 1 and 2).

3.3 Transition to steady-state Franchising

3.3.1 The Combined Authority will put in place the incremental resource required for steady state during the years 2 to 4 of Transition, as shown in Table 7 below. Costs shown are based on 2023/24 staff costs and are not indexed.

Table 7: transfer in of incremental resource during Transition to Franchising

Department	Year 2	Year 3	Year 4	Incremental FTE
Leadership	0.00	0.00	0.00	**0.00**
Transport Operations - Bus Services	11.67	11.67	11.67	**35.00**

Transport Operations - Facilities & Assets[9]	2.33	2.33	2.33	**7.00**
Customer Services - Financial Processes	2.67	2.67	2.67	**8.00**
Transport Operations - Education	0.00	0.00	2.00	**2.00**
Customer Services - Contact Centre	0.00	5.00	5.00	**10.00**
Customer Services - Service Development	0.00	1.00	0.00	**1.00**
Customer Services - Data Analysis	0.00	1.00	0.00	**1.00**
Customer Services - Front Line Services	0.00	0.00	0.00	**0.00**
Customer Services - Travel Centres	0.00	0.00	0.00	**0.00**
Transport Operations - Facilities & Assets (Bus Stations)	0.00	0.00	0.00	**0.00**
ICT	0.00	0.00	4.50	**4.50**
Totals	**16.67**	**23.67**	**28.17**	**68.50**
Incremental cost p.a.	**£677,591**	**£1,639,771**	**£2,784,900**	
5% contingency	£33,880	£81,989	£139,245	
Incremental cost p.a. with contingency	**£711,471**	**£1,721,759**	**2,924,145**	

3.4. Resourcing requirements during Transition to Franchising

3.4.1. During Transition to Franchising, the Authority will undertake the following activities discussed under the following headings:

- Procurement design and procurement
- Market and network management
- Systems
- Resourcing and organisational change
- Communications and engagement
- Leadership

[9] The addition of incremental resource to the Facilities & Assets team will provide resource to implement the depot and fleet strategies.

Procurement design and procurement

3.4.2. In respect to procurement design and procurement the Combined Authority will:

- Draft, review, finalise and approve the franchise agreements and tender documentation required to implement the Lotting Strategy attached at Appendix 3.1.
- Make sufficient provision for Operators to mobilise their drivers, fleet, and maintenance arrangements in time to deliver an effective service, ensuring that new market entrants and/or SMOs, who may take longer to mobilise, are not disadvantaged.
- Develop and undertake a passporting process to prequalify potential bidders in advance of the Procurement Phase. This process may include some Selection Questionnaire (SQ) requirements (for example, the content of the current standard SQ), and may also include a section(s) which will enable the Combined Authority to streamline the prequalification of potential bidders for specific contracts (based, for example, on Operator size and/or experience).
- Undertake procurements up to and including the signature of contracts.

3.4.3. This work will be led by the Combined Authority's Commercial Department.

Market and network management

3.4.4. In respect to market and network management, the Combined Authority will put in place the following measures which will operate during the Procurement Phase:

- A service permitting regime for services which will be Franchised but have not yet been Franchised, cross-boundary and non-franchised services.
- Winding down the EP[10].
- Provisions to protect continuity of service and standards as operators are given notice that their routes will be tendered.

[10] Under section 123H(6) TA 2000, if a franchising scheme relates to an area to which an EP relates, the franchising scheme must include a provision revoking the scheme so that it ceases to relate to any part of the area to which the franchising scheme relates.

- Providing necessary support for services during Transition.

Systems

3.4.5. The Combined Authority will procure and implement the systems enhancements described in section 2. This work will be led by the ICT Services department.

Resourcing and organisational change

3.4.6. In order to put in place the incremental resources described in section 2 and ensure that all resources are ready to implement Franchising, the Combined Authority will develop a Resourcing Plan, which will include:

- Detailed role descriptions.
- 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.

3.4.7. The Combined Authority's Human Resources department will assist the TOPE Directorate in the above.

Communications and engagement

3.4.8. The Combined Authority will develop a detailed Communications and Engagement Plan which will set out the Authority's plans with respect to:

- Statutory consultation (as described in section 5 of this Management Case).
- Communication and engagement with the general public so that information on the Authority's plans is easily available. This may include public events, interviews and features in various media (television / radio / newspaper / weblogs / podcasts).

- Engagement with stakeholder groups (e.g. organisations which represent the travelling public, public sector employees, business groups).
- Communications and engagement with Combined Authority staff, to ensure that the rationale for the Authority's transition to Franchising and the changes to the responsibilities of specific Directorates are understood within the organisation and any questions can be addressed.
- Communications and engagement with operators during Transition, so that the Authority's plans are understood and operators have a clear mechanism for raising questions and concerns.
- Development and implementation of the Authority's approach to communications and engagement will be undertaken by the Combined Authority's Marketing, Campaigns & Engagement team.

Leadership

3.4.9. Leadership during Transition will be provided by the Head of Bus Reform, working with a supporting Manager, who will be responsible for ongoing reporting, risk monitoring and management and cost monitoring.

3.4.10. The Combined Authority will also put in place a contingency sum for external advice as may be required.

Summary of requirements during transition

3.4.11. The Combined Authority's resourcing assumptions during the transition to Franchising are summarised in Table 8 below.

3.4.12. The Combined Authority will also put in place a number of contingencies for risk, and these are also shown in Table 8 below.

3.4.13. All costs are based on the Authority's 2023/24 staff costs and are not indexed.

Table 8: resourcing and contingency during Transition to Franchising

Year	1	2	3	4	Notes
Consultancy and management of transition					
Internal management costs:					
Market and network management	£59,807	£59,807	£59,807	£59,807	1 FTE at Grade K.
	£50,000				Additional budget for market and network management in Year 1
Systems procurement and installation	£0	£0	£59,807	£0	1 FTE at Grade K in Year 3
Resourcing and organisational change	£131,053	£131,053	£65,527	£65,527	1 x FTE HR Business Partner (Grade M) in Years 1 and 2, reducing by 50% in Years 3 and 4 2 x 0.6 FTE HR advisers (Grade J), reducing by 50% in Years 3 and 4
Communications and engagement	£59,807	£59,807	£59,807	£59,807	1 FTE at Grade K
Leadership	£67,676	£67,676	£67,676	£67,676	1 x Transition Manager at Grade L
Leadership role contingency	£52,096	£52,096	£52,096	£52,096	Contingency for 0.5 x Transition Head of Service at Grade O
Total internal management costs	**£420,440**	**£370,440**	**£364,721**	**£304,913**	
External consultancy costs:					
Legal consultancy	£225,000	£100,000	£75,000	£50,000	Assumptions are: Year 1: procurement and contract design: £225,000 Year 2: Round 1 procurement, start of Round 2 procurement: £100,000 Year 3: Round 2 procurement and start of Round 3 procurement: £75,000 Year 4: end of Round 3 procurement: £50,000 This assumes: The approach on contracts set out in the commercial case, in that only Lot A would be larger service contracts and Lot B and C

Year	1	2	3	4	Notes
					would reflect current secured service/schools contracts, with more minor changes. That there will be more involved contract development for the larger services contract and testing and calibration of the contracts. That legal consultants provide support on the larger procurements, but that the smaller procurements are (mostly) run by WYCA's internal procurement team. That external legal support is scaled back on the larger procurements over time.
Contingency for additional external consultancy	£1,500,000	£1,500,000	£1,500,000	£1,500,000	
Total external consultancy costs	**£1,725,000**	**£1,600,000**	**£1,575,000**	**£1,550,000**	
Early mobilisation of procurement resource					
Procurement design and procurement	£114,616	£0	£0	£0	Assumes: 1 x Commercial Manager - Transport Grade L Procurement and Contracts Officer Grade I
Transfer in of incremental resource required for steady state					
		£711,471	£1,721,759	£2,924,145	As covered in Table 7.
Provision for risk					
Legal risk cost contingency	£2,000,000	£0	£0	£0	Once the scheme has been made and implemented, the risk is of challenge around procurement awards. £2m is considered a prudent contingency for procurement challenge costs based on relevant precedent.
Additional supported services during Transition /	£1,070,000	£1,070,000	£1,070,000	£1,070,000	Calculated as 20% x total supported services cost in 21/22 of £21.4m (see Commercial Case), spread

Year	1	2	3	4	Notes
operator withdrawal					over the four years of Transition.
Additional supported services during Transition / operator withdrawal - resource	£59,807	£59,807	£59,807	£59,807	Assumption for cost of staff time to deal with the need for additional supported services / operator withdrawal / crisis management has been included at 1 FTE at Grade K.
Contingency for procurement resource	£0	£114,616	£114,616	£114,616	
Total Provision for risk	**£3,129,807**	**£1,244,424**	**£1,244,424**	**£1,244,424**	
IT provisional costs					
			£200,000		
Total annual Transition Costs	**£5,389,864**	**£3,926,335**	**£5,105,904**	**£6,023,482**	
TOTAL:	**£20,455,585**				

4. Approach to objectives and benefits evaluation

4.1 Introduction

4.1.1 This section sets out the Combined Authority's approach to the evaluation of:

- The Objectives of the Bus Reform Programme as described in the Strategic Case.
- The benefits the Combined Authority expects to realise through Bus Reform as described in the Economic Case.

4.1.2 It aims to demonstrate that the Authority has the infrastructure in place to design and undertake effective evaluations.

4.2 Approach to evaluation

4.2.1 The Combined Authority will undertake periodic evaluations of the Bus Reform Programme and whether the Objectives and benefits are being achieved.

4.2.2 The Authority's approach to evaluation is set out in the Evaluation Strategy, attached at Appendix 5.2.

4.2.3 The Strategy defines Evaluation as an **objective process:**

- of understanding how an intervention was implemented, what effects it had, for whom, how and why;
- which can provide **defensible evidence to independent scrutiny** processes; and
- can contribute **valuable knowledge** to the policy evidence base.

4.2.4 The Strategy considers the three types of evaluation detailed in The Magenta Book, namely:

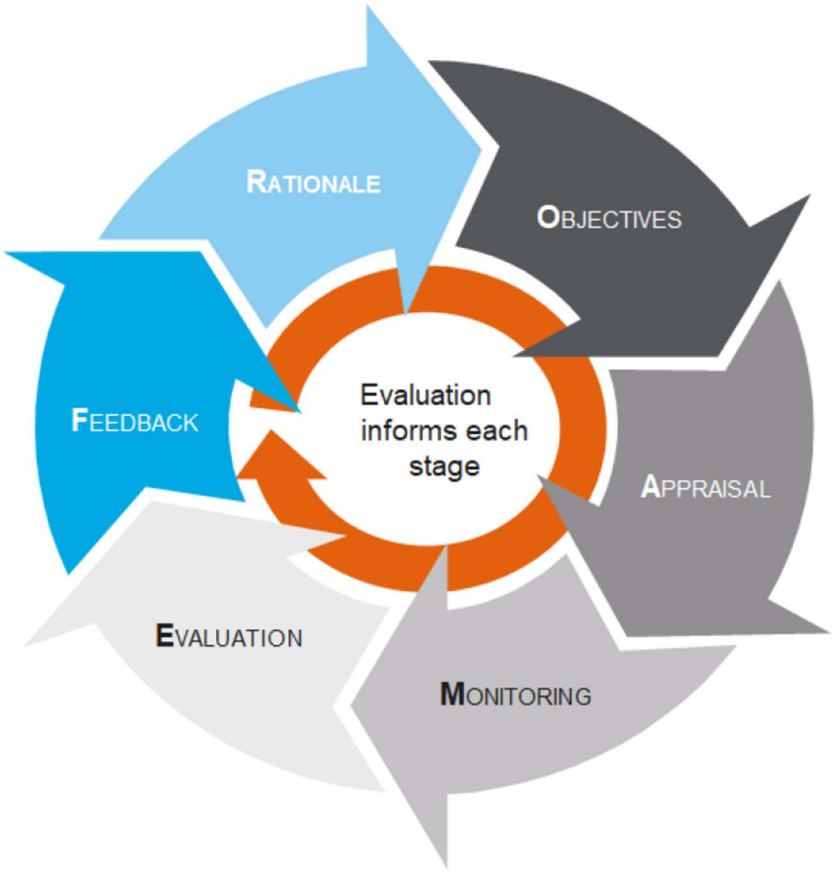
- **Process evaluations** which are concerned with how an intervention is being, or was delivered, and any lessons that can be used to inform the remainder of the implementation period, or similar activities in the future.

- **Impact evaluations** which involve a post ante objective test of what changes have occurred, the extent of those changes, an assessment of whether they can be attributed to the intervention and a comparison of benefits to costs.
- **Economic evaluations** which seek to determine whether the costs of an intervention have been or will be outweighed by the benefits achieved.

4.2.5 The Strategy also describes the three types of evaluation the Authority can commission - Policy-level, Programme-level and Project-level – and sets out the principles for designing effective evaluations.

4.2.6 Evaluation is an integral part of a broad policy cycle that formalised in the acronym ROAMEF. An overview and brief definition of each stage is provided in Figure 2 below:

Figure 2: ROAMEF policy cycle



- **R**ationale - the rationale for the intervention is developed and tested. It is useful to consider the context within which the intervention will occur and the market failures that necessitate action.
- **O**bjectives - in this stage the objective of the intervention is developed and tested. The objectives can be captured in a logic model with a summary of the inputs, activities, outputs and outcomes that are forecast. This approach aids the appraisal stage that follows.
- **A**ppraisal – the purpose of appraisal within the ROAMEF cycle is to identify the best way of delivering on the policy prior to implementation. It involves identifying a list of options which meet the stated objectives and assessing these for the costs and benefits that they are likely to deliver.
- **M**onitoring - the formal process to check, report and evidence that spend, outputs, milestones and benefits have been achieved.
- **E**valuation - as defined in HM Treasury's Magenta Book evaluation "examines the actual implementation and impacts of a policy to assess whether the anticipated effects, costs and benefits were in fact realised. Evaluation findings can identify "what works", where problems arise, highlight good practice, identify unintended consequences or unanticipated results and demonstrate value for money, and hence can be fed back into the appraisal process to improve future decision-making."
- **F**eedback - the final stage of the ROAMEF cycle reflects that evaluation is ultimately only of value if the lessons learned are used to inform future action. The cycle therefore shows that evaluation activity should directly inform the development of the rationale for future interventions.

4.2.7 This Assessment can be considered to be at stage 3 of the cycle.

4.2.8 Evaluation has a contribution to make at every stage in the ROAMEF cycle. The most common purposes of evaluations are therefore:

- **Accountability** - demonstrating how far an intervention has achieved its objectives, how well it has used its resources and what has been its impact.
- **Continuous improvement** - improving and developing capacity among programme participants and their networks and institutions.

- **Implementation** - improving the performance of projects and programmes, and the effectiveness of how they are delivered and managed.
- **Knowledge production** – understanding what works (for whom) and why (and in what contexts).
- **Planning and efficiency** - ensuring that there is a justification for interventions and that public resources are efficiently deployed.

4.2.9 The Evaluation Strategy sets out the practical steps the Combined Authority takes to design, conduct and commission effective evaluations through the following eight stage process:

1. Develop logic chain (a logic chain describes the relationship between an intervention's inputs, activities, outputs, outcomes, and impacts).
2. Identify evaluation objectives.
3. Develop research questions.
4. Select approach.
5. Identify data requirements.
6. Identify resources.
7. Conduct or commission evaluation.
8. Use and disseminate findings.

4.2.10 Evaluations are designed through a detailed Evaluation Plan Template, supported by Evaluation Plan Guidance which complements the Evaluation Strategy. The Combined Authority has an Evaluation Team which works directly with delivery teams to design and conduct evaluations.

4.3 Operator data

4.3.1. Monitoring and evaluation of both EP+ and franchising will require data provided by bus operators, be this shared through data sharing agreements related to Enhanced Partnership schemes or connected to Franchising contract agreements.

4.3.2. The follow key principles would be applied by the Combined Authority to its data approach:

- All data supplied by operators will be supplied in a timely manner and to agreed standards and protocols – these protocols would be developed and consulted upon.
- The scope of the protocols referred to above would set out agreed standards in relation to data capture, data quality, data processes and data systems – for the purposes of not only managing the network but also monitoring passenger trends.
- The ecosystem within which these protocols would be applied to relates to all aspects of the passenger experience – from timetable development to bus patronage and by definition will cover the standards relating to data for bus real time, ticketing and passenger journeys.
- The Authority will seek to continuously develop and improve data supplied by operators to help improve the management of the network and to improve its understanding of passenger experience and will work with operators to review its data standards on an annual basis.
- Data governance – the management, use and development of data in relation to the bus network will be clearly owned, based on agreed standards and subject to governance and performance review.
- Reporting on the performance of the bus network will need to reflect the requirement for both operational management and the marketing and development of routes and products.
- The Combined Authority is committed to generating better data on the characteristics of bus users and will seek to ensure that its own systems and those of operators allows for better segmentation of bus users.

5. Approach to consultation

5.1 Introduction

5.1.1 This section describes the Combined Authority's approach to consultation, including on:

- Variations to an Enhanced Partnership scheme.
- How well a franchising scheme is working throughout its operation.
- Variations to a Franchising scheme.

5.2. Consultation on variations to the Enhanced Partnership

5.2.1. In the event that EP+ is selected as the preferred option, section 138K of the Transport Act[11] sets out the statutory process by which the Authority may vary the EP+ plan and related EP+ scheme, including to make network changes, which will apply unless, in respect of an enhanced partnership scheme (but not the enhanced partnership plan) under the EP+, provision is made for a bespoke variation process to apply to changes to that scheme.

5.2.2. Under the statutory variations process, the Combined Authority must comply with the requirements set out below, and the EP+ scheme could only be varied where the Authority is satisfied that the EP+, as varied, will contribute to the implementation of the policies set out in the related EP+ plan, or the revised EP+ plan if it is being varied at the same time as the EP+ scheme, and the local transport policies of the Authority including the BSIP.

5.2.3. The Combined Authority must also be satisfied that the variations to the EP+ scheme will benefit passengers using services in the whole or part of the scheme area by improving the quality or effectiveness of those services or reduce or limit traffic congestion, noise or air pollution. Before varying the EP+ plan, the Authority would also need to consider the desirability of varying

[11] See https://www.legislation.gov.uk/ukpga/2000/38/section/138K/2018-02-08

the EP+ plan to include the area of one or more other local transport authorities.

5.2.4. As with variations to a franchising scheme, the Authority would be required to follow a formal statutory variation process set out in the Transport Act. Section 138K(3) requires the Authority to comply with sections 138L and 138M(1)-(5) of the Transport Act, which set out requirements in relation to the preparation, notice of and consultation on a variation, and the making of a variation. The Authority must provide notice to and invite qualifying Operators to be involved in the preparation of any variation, and the Enhanced Partnerships Guidance notes that any other stakeholders that were involved in the preparation of the plan or scheme should also be given notice of the Authority's intention to vary it and be involved in the preparation of any variation.

5.2.5. Once these stakeholders have been consulted, and the draft variation to the plan and/or scheme prepared, the Authority must give notice to Operators of the changes prepared, and is also required to state the period within which qualifying Operators may object to the variation proposed, which must be a minimum of 28 days, as unless the EP+ scheme provides for a bespoke process to apply, the statutory operators' objection mechanism as set out in the Enhanced Partnership Plans and Schemes (Objections) Regulations 2018 will apply. If a sufficient number of qualifying Operators raise objections, the variation cannot be made. If sufficient objections to the variation are not received from qualifying Operators, the Combined Authority must give notice of its proposal to vary the EP+ in the manner that it considers appropriate to bring this to the attention of people in its area and must then consult the Competition and Markets Authority. Following this, if the Authority considers it appropriate to vary the EP+ plan and/or EP+ scheme, it can do so as proposed or with modifications, but must first give notice to qualifying Operators – such notice must amongst other things include full details of the variation, state that the variation has been modified if modifications have been made and state the period within which qualifying Operators may object to the variations proposed, which must be a minimum of 28 days where the statutory operators' objection mechanism applies in the absence of a bespoke variations process (see above).

5.2.6. As above, if a sufficient number of qualifying Operators raise objections, the variation cannot be made. If the variation may be made, section 138M(6) of the Transport Act requires the Authority to give notice within 14 days of the variation being made in the manner it considers appropriate to bring this to the attention of people in its area, to all operators of local services that would be affected by the variation in the Combined Authority's opinion and to a Traffic Commissioner. The notice must include full details of the variation or specify where such details may be inspected, and state that the variation has been modified if modifications have been made (section 138M(7) of the Transport Act).

5.2.7. The date on which the variation would come into effect would need to take into account the 56 day notice period which applies to applications made by an operator to vary a local service registration.

5.3 Consultation under Franchising

5.3.1. S123A(9) of the Transport Act requires authorities to set out their plans for consultation with bodies who represent users of local services in order to seek out their views on how well the franchising scheme is working. Under the Department for Transport's Franchising Guidance (2017) this is required to be an ongoing engagement throughout the life of the franchising scheme.

5.3.2. The Combined Authority will undertake regular, in depth, consultations both during Transition, as the lotting strategy is being implemented, and once all franchise agreements have been awarded. Consultation planning and implementation is likely to include:

- The identification of stakeholders to be included within the consultation.
- The consultation approach to be adopted (e.g. written surveys, user groups, on-street surveys, focused meetings with individual stakeholders).
- How the outcomes of consultation will be reported on.

5.3.3. Information gained by the Combined Authority through consultation will supplement the information described in section 4.

Consultation parties and scope

5.3.4. Section 123A(9) of the Transport Act states that:

> *"A franchising scheme must include a description of the franchising authority's or authorities' plans for consulting such organisations appearing to the authority or authorities to be representative of users of local services as they think fit in order to seek their views on how well the scheme is working."*

5.3.5. Consultees should therefore be considered in line with this.

5.3.6. The Combined Authority will, in the lead up to each consultation process, look at which groups are the most relevant within the particular franchise zone to ensure that it engages with the most appropriate and relevant groups existing at the time (see Lotting Strategy attached at Appendix 3.1).

5.3.7. Whilst the scope of each consultation will be optimised at the time, consultations are likely to cover areas aligned to the Authority's objectives and anticipated benefits.

Results and impact of consultation

5.3.8. The results of each consultation will be consolidated into a report to the Combined Authority, together with recommendations to address any issues identified.

5.3.9. The Combined Authority will publish a report which will set out the decisions made following review of the consultation report.

5.5 Consultation on variations to the franchising scheme

5.5.1 At any point after a franchising scheme has been made, the Combined Authority may vary the scheme, including the network or routes specified in the scheme, by following the formal variation process set out in the Transport Act.

5.5.2 Section 123M of the Transport Act sets out the process that the Combined Authority will be required to follow if it wishes to vary a franchising scheme once it has been made. Section 123M(6) makes clear that where the franchising authority is a mayoral combined authority, the Mayor, acting on behalf of the combined authority, must take the decision as to whether to vary the scheme or not.

5.5.3 If it decides to vary the franchising scheme, including the services under the franchising scheme, the Combined Authority must publish a notice stating the date on which the variations are to have effect and give notice of its decision to a Traffic Commissioner within 14 days of the date that the decision was made. The variation cannot take effect until six months after the date on which the variation notice was published.

5.5.4 The statutory process that applies to variations to a franchising scheme is largely similar to the process to be followed before making the franchising scheme, as the Combined Authority would be required to consult on its variation proposals in accordance with Section 123E of the Transport Act in the same way that it consulted on the proposed franchising scheme before it was made. It must ensure that all local stakeholders including those set out in section 123E(4) of the Transport Act (being local operators, representatives of employees of local operators, organisations representing local passengers, local authorities that would be affected by the proposed variations to the scheme including National Parks Authorities where applicable, a Traffic Commissioner, the chief office of police for each police area in the franchising scheme area, Transport Focus and the Competition and Markets Authority) are consulted on the nature of the proposed variations.

5.5.5. The Combined Authority will need to prepare a consultation document in accordance with section 123F(1), and this should clearly highlight the changes that the Combined Authority intends to make to the Franchising scheme, including setting out the potential benefits and impacts of those changes (see paragraph 1.140 of the Franchising Guidance).

5.5.6. Where variations to a Franchising scheme are proposed, there should be close engagement by the Combined Authority with local communities to ensure that the impacts of the proposed variations are fully explored and

debated. Once the Authority has consulted on the proposed variation, it must publish a report which sets out its response to the consultation and the Authority's decision on whether or not the variation will be made.

6. Risk

6.1. Introduction

6.1.1 This section:

- Sets out the Management risks and potential mitigations under EP+ and Franchising.
- Describes how the Combined Authority will manage all risks, including those described in the commercial and financial cases.

6.2 Management risks under EP+

6.3.1 As stated in the strategic and economic cases, the EP+ would retain existing arrangements with the addition of the following policy levers:

- Qualifying Agreements (QAs) to support EP+ schemes on shared key corridors.
- Exercising Traffic Commissioner registration powers.
- Influence of deployment of zero emission buses.
- Exploring use of Route Requirements.

6.3.2 The EP+ would look to expand the EP to include Qualifying Agreements on key corridors, aligned to EP schemes and bus priority where possible. QAs would allow for route rationalisation on over bussed corridors which would impact the ability to move resource around the network, potentially extending or introducing other services. QAs would be used to specify frequencies and capping the number of buses on certain corridors.

6.3.3 A part of the EP+, which is not currently under consideration in the current EP, is the adoption of Traffic Commissioner powers for route registrations. These powers would allow for greater accountability directly to the Combined Authority through more directly enforceability when contractual obligations are not met by bus operators.

6.3.4 Other possible additions to the current EP discussed in market engagement with operators include having a joint Network Management Group, an Oversight Group for Bus Priority, proposals for enhanced data sharing and one operator has also suggested a proposal for tr sharing. Each of these proposals would require building on existing management arrangements or the addition of new mechanisms.

6.3.5 The Management risks under an EP+ are therefore substantially different from those under Franchising, and the impacts reflect the fact that risks would be shared to a greater degree. Table 9, below, sets out the EP+ Management Risks under the headings Transition to EP+ and Steady State.

Table 9: Management risks - EP+

	Risk Description	Consequences of risk(s) materialising	Mitigation(s)
Transition to EP+ (i.e. the period between making the scheme and the new EP becoming active)			
1	Poor planning and management of the process to move from the EP to EP+.	● Delay to the delivery of EP+.	● Detailed planning by the Combined Authority, in collaboration with operators, ● The Combined Authority puts adequate capacity and capability in place during Transition.
2	SMOs leave the market.	● Market disruption and possible negative impact on service delivery. ● Unforeseen resource and cost impacts on the Combined Authority.	● Market engagement before and during Transition. ● SMOs have indicated to the Combined Authority that they are finding it difficult to operate in current market conditions. Lessons can be learned from this and reflected in the conditions of the new partnership.
3	The Combined Authority has insufficient capacity and capability (including legal resource) to run the Transition to EP+.	● Delay to the implementation of EP+.	● Resource planning to match resources to need over the term of Transition to EP+.
4	EP+ may mean that some staff transfer from operators to the Combined Authority.	● The Combined Authority is unable to transfer in some or all of the resources it needs from current operators.	● Operators' pension arrangements have been reviewed. ● The Combined Authority understands that its terms and conditions are more

	Risk Description	Consequences of risk(s) materialising	Mitigation(s)
	There is a risk that the Authority is unable to meet the statutory requirement to provide a "broadly comparable" pension scheme for transferees into the Combined Authority from Operators.		generous than Operators', which mitigates the risk identified.
5	Resourcing risks, including: ● Combined Authority staff have insufficient capacity and/or capability to implement the change from EP to EP+. ● The Combined Authority is unable to recruit an adequate number of additional people to manage the transition to EP+. ● Newly recruited staff do not have the skills required to implement EP+.	● Delay to implementation. ● Additional costs.	● Development of resourcing and training plans which are implemented well in advance of resource being required. ● Contingent budget for external consultants in case resource is not available within the Combined Authority.
6	The Combined Authority is unable to achieve one or more aims of EP+ because the majority of operators do not accept them.	● Delay to the implementation of EP+ / risk that the EP+ is not implemented. ● Additional and unforeseen cost. ● Additional interventions under EP+ are not implemented.	● Ongoing engagement with Operators through West Yorkshire Bus Alliance. ● Operator letters of commitment to EP+ proposals
7	Poor communication with the public, Operators and other stakeholders resulting in unrealistic expectations.	● Public confusion surrounding EP+ and what is being implemented and when.	● Development of a communication and stakeholder engagement plan setting out how clear and understandable messages will be delivered to:

	Risk Description	Consequences of risk(s) materialising	Mitigation(s)
		● Reputational damage to the Combined Authority.	○ Public. ○ Politicians. ● Alignment between the communications and stakeholder engagement plan and consultation.
8	Systems changes and upgrades do not operate as planned, or the capability of current (or future) systems is not adequate to support new ways of working.	● Unforeseen and additional costs. ● Delay to implementation of the Bus Reform Programme. ● Service disruption.	● Implementation of ICT investments.
Steady state			
9	Unforeseen circumstances – e.g. another pandemic – interrupting implementation of the Bus Reform Programme.	● The Authority incurs additional costs. ● The Bus Reform Programme is delayed / derailed. ● Further deteriorating impact on bus industry.	● Business interruption and contingency plan to be developed. ● Business continuity resource to be made available.
10	The Combined Authority's resource costs are higher than anticipated.	● The Combined Authority incurs additional and unforeseen costs.	● Contingency to be included within cost forecasts.
11	Operators do not meet the agreements under EP+.	● Poor value for money for the Combined Authority.	● Ongoing cooperation between the Authority and operators.

	Risk Description	Consequences of risk(s) materialising	Mitigation(s)
12	The Combined Authority is a mayoral Combined Authority, therefore its directorates give effect to the mayor's transport manifesto. It is therefore possible that the Authority's position on the EP changes. There is a risk that any proposed changes lead to protracted discussion with operators and cannot be implemented.	● The Combined Authority incurs additional and unforeseen costs. ● Reputational damage.	● The governance structure described in section 7 – Programme management and governance – puts structures in place which mean that the impacts of any proposed changes are analysed and understood.

6.2 Management risks under Franchising

6.2.1 Table 10 below sets out the Management risks and mitigations for Franchising under the headings ‘Transition Planning’, ‘Procurement’, ‘Mobilisation’, ‘Implementation’ and ‘Steady State’.

Table 10: Management Risks – Franchising

	Risk Description	Consequences of risk(s) materialising	Mitigation(s)
Transition planning			
1	Poor management of the Transition process.	● Inflationary impacts, e.g. if staff push for higher wages in response to perceived changes in conditions under Franchising if messaging is not handled well. ● Experience in Manchester indicates that one operator had to reduce services ahead of implementation of the first phase of franchising as a number of staff left. ● Staff working for smaller operators might seek opportunities with larger operators as they may perceive that this will offer them greater security. ● These factors could lead to a fall in service quality, as operators experience workforce instability / dissatisfaction. ● Fall in passenger numbers caused by negative public perception of Transition and consequent loss of revenue.	● Detailed transition planning, highlighting critical path items and risks. ● The Combined Authority puts adequate capacity and capability in place during Transition. ● Development of a Plan B for actions that require the agreement of a third party, such as depot. ● Scenario testing.

	Risk Description	Consequences of risk(s) materialising	Mitigation(s)
		● Reputational damage to the Combined Authority and to Franchising. ● Damage to the Combined Authority's credibility in the industry. ● Delay to the delivery of Franchising.	
2	Operators do not invest in innovations and / or start to wind down operations and potentially pull out of contracts as they perceive risk to winning future franchises / will not want to bid.	● Fewer Operators participate in procurements, leading to lack of competitive tension. ● Fall in service quality, potentially leading to fall in passenger numbers and revenues.	● Engagement with operators before and throughout Transition.
Procurement			
3	Insufficient bidders participate to create competitive tension. Market interest in the Combined Authority's Bus Reform Programme declines as the lotting strategy is implemented, so the number of bidders for each procurement falls.	● Lotting strategy needs to be reworked, causing delay to the overall Bus Reform Programme. ● Cancellation of or delay to procurements. ● The Combined Authority has to revert to supported services.	● Combined Authority to engage with the market prior to and during Transition, to gain feedback from operators and make adjustments as necessary to ensure that the franchise agreements are attractive and therefore will receive sufficient bids. ● Lessons learned processes to be undertaken after each procurement, and procurement process / franchise agreements to be refined as successive lots are tendered.

	Risk Description	Consequences of risk(s) materialising	Mitigation(s)
			Combined Authority may tender smaller lots first to learn lessons. ● Contingency planning to be undertaken to provide for the eventuality that fewer bids are received than anticipated.
4	SMOs have limited / no interest in participating, e.g. they do not have the internal infrastructure to engage in bidding processes that larger Operators might have; they consider the risks of Franchising to be too high.	● Limited / no competition, particularly for smaller lots. ● The Combined Authority fails to meet the requirements of guidance to accommodate SMOs.	● Market engagement before and during Transition (see Commercial Case section 5.5 for further detail on the proposed approach to market engagement with SMOs). ● The Authority has experience of SMOs indicating that they are finding it difficult to operate in current market conditions. Lessons can be learned from this and incorporated into risk allocation in franchise agreements and procurement processes.
5	The Combined Authority has insufficient capacity and capability (including legal resource) to run the procurement programme and / or to flex capacity to meet peaks and troughs in the level of work required.	● Delay to procurements. ● Loss of market interest. ● Delays in procurement lead to pressure on mobilisation periods.	● Resource planning to match resources to need over the term of Transition.

	Risk Description	Consequences of risk(s) materialising	Mitigation(s)
6	Bidders' prices are higher than anticipated.	● Higher prices than modelled lead the Combined Authority to incur a funding deficit.	● Contingency to be built into the modelling. ● Potential reworking of network to match affordability if needed. ● Bidders' costs may be impacted by decarbonisation requirements – Combined Authority to recognise this in franchise agreements, e.g. in speed requirements.
7	The Combined Authority has insufficient experienced resource to undertake depot and fleet procurement.	● The Combined Authority is unable to implement the fleet and depot strategies attached to this assessment. ● Delay to the implementation of Franchising.	● Early recruitment planning (this has already commenced, and the Combined Authority has approval to recruit to a land expert post).
8	Delays by the Combined Authority in putting service permits in place.	● Loss of bus services which require service permits and cross boundary connectivity. ● Reputational damage.	● Service permitting process to be developed and resourced before Procurement commences.
9	Risks relating to pensions and other benefits: ● The Bus Services Act protects the pension rights of staff who transfer under a Franchising arrangement by requiring operators to provide such staff with pension accrual post transfer which is the same or	● Reduced number of bidders / upward pressure on bidders' prices. ● The Combined Authority is unable to transfer in some or all of the resources it needs from current operators.	● A review of pensions data provided by operators has been undertaken as part of the assessment. ● Where staff are within scope of transfer under the TUPE arrangements that are implemented under the Transport Act and associated regulations, then there is a requirement that those staff are provided

	Risk Description	Consequences of risk(s) materialising	Mitigation(s)
	"broadly comparable" to the pensions accrual they are entitled to pre-transfer. There is a risk that Operators may not be able to meet this requirement / will incur significant cost to provide it. ● There is also a risk that the Authority is unable to meet the statutory requirement to provide a "broadly comparable" pension scheme for transferees into the Authority from operators.		with a broadly comparable pension scheme. • This will be a contractual requirement on the incoming operators and would be provided for under the franchise agreements (as per para.1.113 of the statutory guidance). • The costs associated with staff pensions costs going forward will be reflected in the cost of franchise agreements (as they would already have been reflected in cost of service provision pre-franchising). • There remains an obligation on the incumbent operator to address shortfalls in respect of past service of employees, so this will apply to existing operators in respect of any accrued liabilities that arise prior to transfer, and they will still have this responsibility on respect of pre-transfer liabilities even post-transfer, as this is a liability which arose pre-transfer. • Seeking to mitigate this impact on incumbent operators beyond the approach set out in the legal framework would potentially provide them with a financial benefit compared to other bidders for a franchise, as it would de-risk a financial risk which properly sits with them. The assessment recognises that this financial risk will rest with

	Risk Description	Consequences of risk(s) materialising	Mitigation(s)
			incumbents, but also recognises that the additional risk to the incumbent operator is not the cost itself (which is already their risk), but the acceleration of the need to mitigate that risk and therefore the loss in flexibility that the incumbents may suffer as a result of this. This is set out in 5.10.13 of the Commercial Case, which generally covers the potential mitigations for the impact on incumbent operators.
Mobilisation			
10	New franchisees fail to mobilise smoothly.	● Disruption to services. ● The Combined Authority incurs additional costs. ● Reputational damage to the Bus Reform Programme, which has to be managed by the Combined Authority, puts pressure on resource and adds cost.	● Franchise tender documents to set clear requirements for bidders' mobilisation plans. ● Bidders' mobilisation plans to be tested during the bid evaluation process. (This means that the relevant technical skills and experience will need to be included in the Combined Authority's evaluation teams.)
Implementation			
11	Resourcing risks, including: ● Combined Authority staff have insufficient capacity and/or	● Delay to implementation. ● Additional costs.	● Development of resourcing and training plans which are implemented well in advance of resource being required.

	Risk Description	Consequences of risk(s) materialising	Mitigation(s)
	capability to implement the change in delivery model from the West Yorkshire Bus Alliance to Franchising. ● The Combined Authority is unable to recruit an adequate number of additional people to manage implementation. ● Newly recruited staff do not have the skills required to implement Franchising. ● There is a risk that bidders for franchise contracts may not be able to meet this requirement.		● Contingent budget for external consultants in case resource is not available within the Combined Authority.
12	Poor coordination between the implementation of lotting, depot and fleet strategies. Delays in the implementation of one strategy (e.g. a delay in depot acquisition, a delay in fleet acquisition) cause delays in the implementation of the overall programme.	● Delay to the implementation of Franchising. ● Delay to procurements. ● Reputational damage. ● Additional costs. ● The Combined Authority is unable to achieve its objectives or realise benefits.	● Sufficient capacity and capability within the teams responsible for delivering the strategies. ● A single plan for delivering all strategies, rather than separate plans. ● The pace of the procurements reflects the availability of resource and builds in contingency for delay.
13	Risk related to compulsory purchases under the depot strategy.	● Delay to the implementation of Franchising. ● Additional and unforeseen cost.	● Contingency to be built into the programme planning.

	Risk Description	Consequences of risk(s) materialising	Mitigation(s)
			● Combined Authority to consider bringing in external planning consultancy to reduce risk.
14	Risk of legal challenge during Transition.	● Delay to the implementation of Franchising. ● Additional and unforeseen cost.	● The Combined Authority is seeking to increase capacity in its internal legal team, however there is a shortage of public transport legal professionals in the industry with operator and council experience and skills. ● Some mitigation may be possible through graduate recruitment, but this is a longer-term response. ● The Combined Authority has access to external legal advice and has put a budget in place for this.
15	Poor communication with the public, Operators and other stakeholders.	● Public and Operator market confusion surrounding Franchising and what is being implemented and when. ● Reputational damage to the Authority.	● Development of a communication and stakeholder engagement plan setting out how clear and understandable messages will be delivered to: ○ Public. ○ Operator market. ○ Politicians. ● Alignment between the communications and stakeholder engagement plan and consultation.

	Risk Description	Consequences of risk(s) materialising	Mitigation(s)
16	Lobbying by incumbent operators and / or the media against Franchising.	● Loss of political and public support and momentum.	● Communication and stakeholder engagement plan to provide for sufficient engagement with incumbents and other stakeholders throughout Transition.
17	Systems changes and upgrades do not operate as planned, or the capability of current (or future) systems is not adequate to support new ways of working.	● Unforeseen and additional costs. ● Delay to implementation of the Bus Reform Programme. ● Service disruption.	● Implementation of ICT investments (see section. ● Multi-operator ticketing is established and successful in West Yorkshire, this mitigates future risk.
Steady state			
18	Unforeseen circumstances – e.g. another pandemic – interrupt implementation of the Bus Reform Programme.	● The Combined Authority incurs additional costs. ● The Bus Reform Programme is delayed / derailed. ● Further detrimental impact on bus market.	● Business interruption and contingency plan to be developed. ● Business continuity resource to be made available.
19	The Combined Authority's resource costs are higher than anticipated.	● The Combined Authority incurs additional and unforeseen costs.	● Contingency to be included within cost forecasts.
20	Operators do not manage franchise contracts appropriately.	● Increased risk of contractual disputes. ● Poor value for money for the Combined Authority.	● Staffing and reliability to be built into the performance indicators specified in the franchise contracts.

	Risk Description	Consequences of risk(s) materialising	Mitigation(s)
	Contracts do not perform, even if they are managed appropriately by operators.		● The Combined Authority's existing contract management arrangements include dispute resolution procedures. ● The Combined Authority to put sufficient contract performance management and compliance checking resource and competency in place.
21	The Combined Authority is a mayoral Combined Authority, therefore its directorates give effect to the mayor's transport manifesto. It is therefore possible that the Combined Authority's position on Franchising changes. There is a risk that any changes are implemented without due consideration of the implications for passengers and Operators.	● Disruption to services. ● The Combined Authority incurs additional and unforeseen costs. ● Reputational damage.	● The governance structure described in section 7 – Programme management and governance – puts structures in place which mean that the impacts of any proposed changes are analysed and understood before being implemented.
22	The Combined Authority is unable to adequately influence road speeds and therefore journey times, as responsibility for highways lies with the district councils.	● The Combined Authority is unable to fully meet the objectives of the Bus Reform Programme.	● Ongoing engagement with partner councils.

	Risk Description	Consequences of risk(s) materialising	Mitigation(s)
	Parking policy is controlled by local authorities and the Combined Authority has limited influence over decisions which may adversely impact bus use.		
23	Poor communication with the public, Operators and other stakeholders.	• Public and operator market confusion surrounding Franchising. • Reputational damage to the Authority.	• Ongoing implementation of a communication and stakeholder engagement plan setting out how clear and understandable messages will be delivered to: ○ Public. ○ Operator market. ○ Politicians.
24	Lobbying by incumbent operators and / or the media against Franchising.	• Loss of political and public support and momentum.	• Communication and stakeholder engagement plan to provide for sufficient ongoing engagement with all stakeholders.
25	Operator failure	• Disruption to services. • The Combined Authority incurs additional and unforeseen costs. • Reputational damage to the Authority	• WYCA currently deals with operator failure as part of managing supported services. We would expect the resources required to deal with this type of unanticipated event to be covered within the proposed resourcing plan, with the increased headcount for Franchising. While the details of franchising contracts are not yet developed, we would expect that the eventual contracts would include

	Risk Description	Consequences of risk(s) materialising	Mitigation(s)
			access to key franchise assets (including operator owned fleet) in the event of a contractor default.
26	Lack of sufficient funding for current services levels as result of reduced patronage revenue or other unforeseen costs.	• The Combined Authority incurs additional and unforeseen costs – leading to challenges in maintain services within budget. • Requirement to manage service cuts, or other savings. • Reputational damage to the Authority.	• Clear budget accountability / management and associated decision-making powers to be identified against resource. • Significant resource assumed within the Bus Services team to plan the network / service levels in relation to passenger demand. 2 additional Forecasting Officers also included with the Financial Processing team. • Contract management provisions will be put in place to enable a reduction in service provision as required. • While the exact framework for deciding which services would be cut needs to be developed, this would be an evolution of the Combined Authority's existing management responsibilities for tendering bus services and intervening in the bus network (with a limited budget) where the market fails to deliver – as already managed by the Bus Services Team currently.

	Risk Description	Consequences of risk(s) materialising	Mitigation(s)
			• the Combined Authority will develop processes to manage other pressures including political and community feedback; and establish a system that balances consideration of these alongside clear financial/commercial factors.

6.4. How the Authority will manage risk

6.4.1 The Authority will manage risk in accordance with:

- The Authority's Corporate Risk Management Strategy attached at Appendix 5.3.
- The Risk and Issue Management section of the Bus Reform PMO Handbook (attached at Appendix 5.4).

Corporate Risk Management Strategy – January 2020

6.4.2 Under the Corporate Risk Management Strategy, the Combined Authority commits to:

- Using a structured and consistent risk management approach to focus discussion, prioritise resources and enable justifiable risk-taking.
- Ensuring that risk management is applied in a scalable and proportionate way.
- Making the best use of management information to build a complete picture of the key risks and issues and to jointly report on risk and performance management.
- Ensuring that risks are owned and managed in line with the organisation's commitment to outcomes-based accountability.
- Listening to feedback and regularly reviewing our risk management arrangements to make sure they are still fit-for-purpose.
- Ensuring that all risks are managed at the most effective and practical managerial level.

6.4.3 The Combined Authority also commits to achieving effective risk management by consistently:

- Embedding clear risk management roles and responsibilities and formal risk reporting lines.
- Integrating a process for continuous review of risks, including proactive management and monitoring of mitigating actions.
- Incorporating risk management into the Combined Authority's decision-making arrangements.

- Applying principles of risk management to budget and project planning processes.
- Actively involving elected members in the risk management process.
- Regularly monitoring and reviewing risk management arrangements to ensure they remain effective and comply with risk management standards, legislation and good practice.
- Establishing a network of champions and coordinators across the organisation to embed best practice and promote the Corporate Risk Management Strategy.
- Incorporating embedding risk management into the annual business planning process and incorporating risk actions into individual performance reviews.
- Providing relevant and easy-to-use risk management guidance and information, based on industry best practice.

6.4.4 The Strategy provides for all programme and project-level risks to be assessed within the Combined Authority's overall appetite for risk. The Authority's risk appetite is split into the following categories:

- **Legal Compliance and Regulation** – This refers to the Combined Authority's obligations to observe and uphold a variety of laws, statutes, conventions and regulations in relation to (amongst others): professional standards, ethics, bribery, fraud and information governance.
- **Operational and Service Delivery –** The Combined Authority is a public body delivering a variety of services to the region. This refers to any risk arising from the nature of the Combined Authority's business and operations, for example, the risk of a failure to deliver expected services to customers, or to fail to provide the required quality in services.
- **Finance and Resources –** the Combined Authority aims to maintain its long-term financial viability and its overall financial strength whilst aiming to achieve its strategic and financial objectives and to innovate in getting value for money, subject to the following minimum criteria:
    - The Combined Authority is required to set a balanced overall revenue budget by February every year and Directors must then contain net expenditure within approved service totals.

- An appropriate level of unallocated general reserves, calculated in accordance with the approved risk-based reserves strategy.
- Working within a set of Treasury management principles that seek to protect funds rather than maximise returns.

- **Reputational –** This refers to the perception and reputation of the Combined Authority by its stakeholders, partners and staff.
- **Transformational Change –** The environment the Combined Authority works in is continually changing through both its internal operations and the services it provides. This refers to any risk arising from change initiatives to enable the Combined Authority to best deliver on its long-term commitments to the region.
- **Development and Regeneration –** the Combined Authority has a continuing obligation to invest in the development and regeneration of the region. A level of inherent risk exists to allow the Combined Authority to continue to be progressive and innovative in the delivery of this objective.
- **Safety and Security –** This refers to any risk to the safety, wellbeing and security of the Combined Authority's staff, service users and stakeholders, as well as its physical assets, facilities and buildings.
- **Environmental –** The Combined Authority has a responsibility to support the Leeds City Region in becoming carbon neutral by 2038. It also has a responsibility to safeguard the environment from undue physical damage or disturbance. This refers to any risk which may impact on these obligations.

6.4.5 The Combined Authority's risk appetite statement is to be reviewed annually by the Senior Leadership Team, Regulatory and Compliance Board, the Risk Coordinators and Governance and Audit Committee (as defined in the Corporate Risk Management Strategy).

6.4.6 The Strategy also sets out the high-level risk management methodology to be applied to all programmes and projects across the Authority, including:

- How risks are to be reported and escalated.
- Responsibilities for risk management.
- The criteria to be used to assess the likelihood and impact of risks.

Bus Reform PMO Handbook – June 2022

6.4.7 The Risk and Issue Management section of the Bus Reform PMO Handbook sets out:

- How risks are to be identified and their impact and severity assessed against the criteria described in the Corporate Risk Management Strategy.
- How mitigations are to be planned and implemented.
- How progress in mitigating risks is to be monitored and measured.
- The responsibilities of the SRO, Programme Manager, PMO and Risk Owners (see section 7 – Programme management and governance for a description of these roles).
- The programme meetings at which risk will be reviewed.

7. Programme management and governance

7.1 Introduction

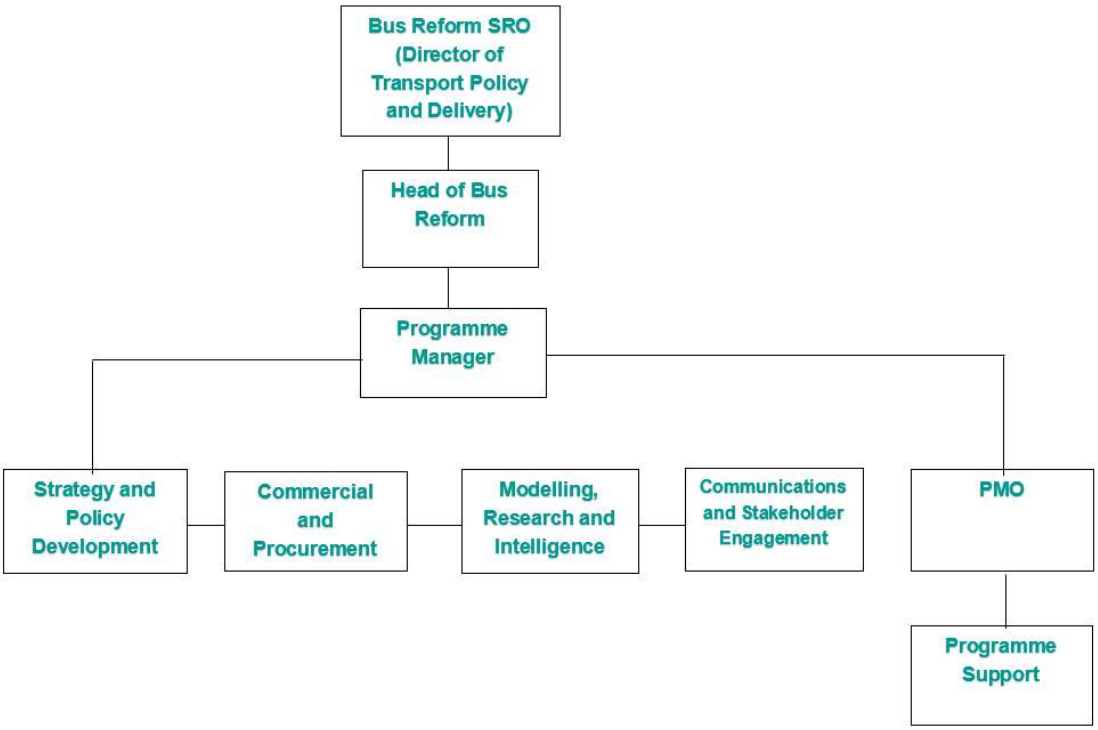
7.1.1 The Bus Reform Programme is a major programme for the Combined Authority. It has established a Programme Management Office (PMO), which has drafted a PMO Handbook. This contains user-friendly guidance covering key PMO processes and tools required to support a robust programme management approach in relation to Governance, Planning and Risk and Issue Management and Reporting. The PMO Handbook is attached at Appendix 5.4 and key points are summarised below.

7.1.2 The current programme management and governance structure as set out has been established primarily to see the Bus Reform Programme through the Assessment to a Mayoral decision on the preferred option – Enhanced Partnership+ or Franchising. It is recognised that these structures will necessarily evolve through Transition and into steady state of either option, however, the same base principles will apply.

7.2 Governance

7.2.1 The delivery and governance structure for the Bus Reform Programme – the **Core Bus Reform Team** - is shown in the organigram below:

Figure 3: Delivery and governance structure for the Bus Reform Programme



7.2.2 A description of key roles follows:

- The **Senior Responsible Owner (SRO)** is accountable for ensuring that the programme meets its objectives and delivers the projected benefits, aligns with the organisations strategy and is conducted cost effectively in accordance with the programme management guidance in place.
- The **Head of Bus Reform** is responsible for:
    - Supporting the SRO in overseeing the development of the business case
    - Ensuring the production of the necessary requirements of the Bus Service Act and associated guidance for bus reform, adopt good practice and compliance with relevant assurance frameworks
    - Managing the team / resource planning and acting as budget controller for the programme
    - Senior-level stakeholder engagement on behalf of the programme
- The **Programme Manager** is responsible for:

    - Managing the programme on a day-to-day basis, on behalf of the Programme Board, SRO, Head of Bus Reform and within the constraints agreed by all parties.
    - Ensuring the programme produces the required outputs, to the required standard of quality, and within the specified constraints of time and cost.
    - The programme producing a result that is capable of achieving the benefits as defined in the business case.
- The **PMO**'s role is to:
    - Provide a delivery support function to enable the successful delivery of the Bus Reform Programme.
    - Ensure the programme team progress activity against plan, escalating any issues or concerns to the Programme Manager to address in a timely manner.
    - Provide check and challenge against input from programme teams to ensure the information presented is a true reflection of the status of the programme.
    - Focus on the following core activities: programme management, management of governance processes, RAID management, improving programme management standards and capability, relationship management and programme support.
- The role of the **Workstream Leads** is to:
    - Manage their workstream on a day-to-day basis, on behalf of the Programme Board or SRO within the constraints laid down by them.
    - Keep the Programme Manager and PMO informed on progress at all times.
    - Produce fortnightly/ monthly progress updates that accurately reflect the status of their workstream.

7.2.3 The Core Bus Reform Team has procured commercial, financial and legal advice to develop this assessment, and will procure further specialist advice as required.

7.2.4 The Core Bus Reform Team reports directly to the **Bus Reform Programme Board**. The Programme Board brings together decision makers in matters of

importance, meets monthly and is chaired by the SRO. The Board's responsibilities are to:

- Provide strategic oversight of the Combined Authority's Assessment for Franchising process until it concludes, as well as leadership, support and challenge to the development of the assessment.
- Ensure there is appropriate assurance, governance and resource in place, together with making recommendations to the decision makers beyond this forum to make sure the programme is delivered successfully.

7.2.5 Membership of the Bus Reform Programme Board is shown in Table 11 below.

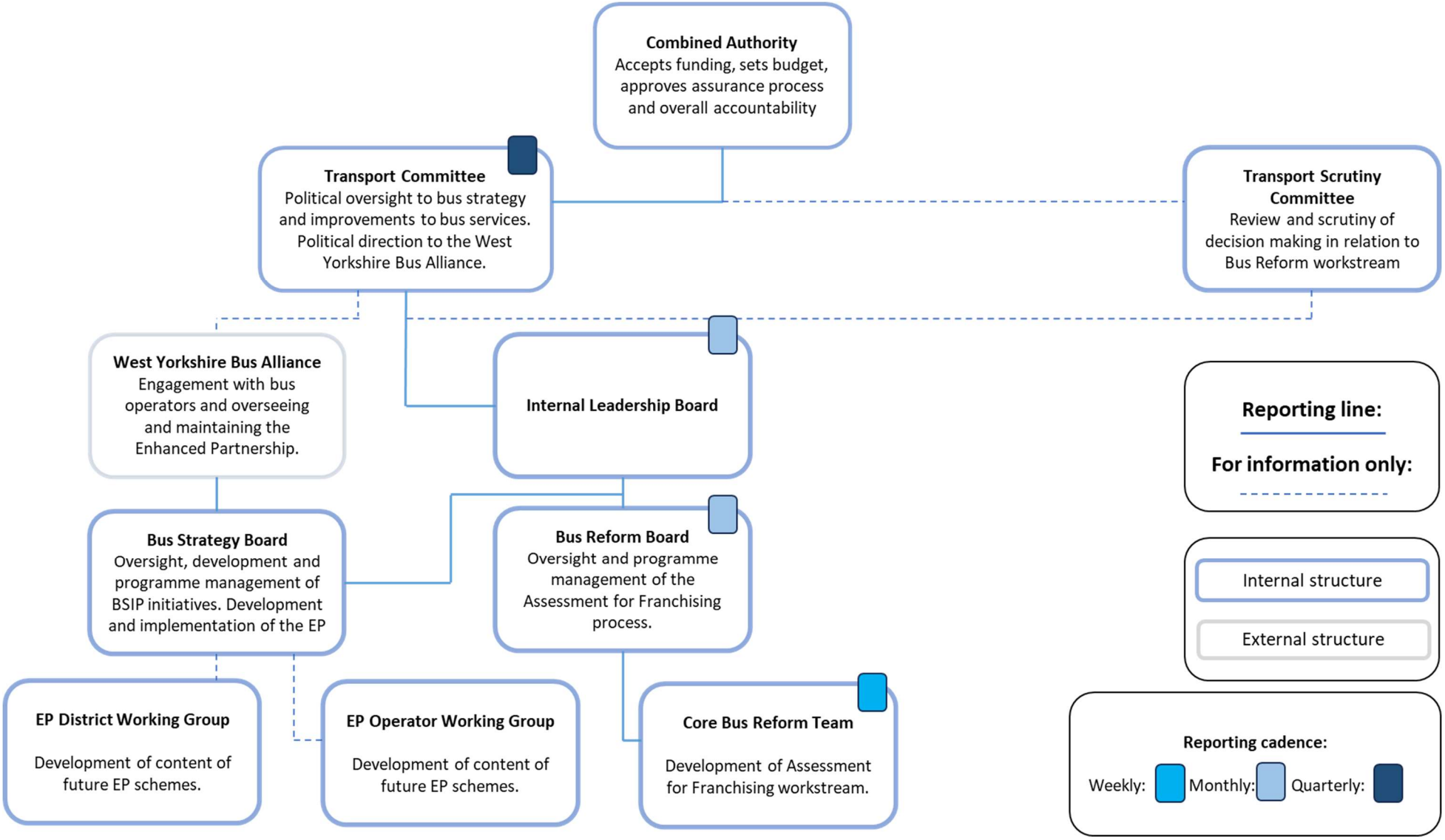
Table 11: Bus Reform Programme Board Membership

Title	Project Role
Executive Director of Transport	Chair, Overarching Transport Strategy
Director, Transport Policy and Delivery	Senior Responsible Officer
Head of Bus Reform	Service area lead (Core Team)
Head of Transport Policy	Transport policy input
Bus Policy Manager	Project manager and bus policy input (Core Team)
Director of Transport Operations and Passenger Experience	Transport Operations Input and Implications
Head of Commercial	Commercial input and implications
Principal Lawyer - Mass Transit & Bus Reform	Legal input and implications
Travel and Behaviour Marketing and Communications Manager	Communications input and implications
HR Business Partner	HR input and implications
Head of Finance	Finance input and implications
Chief of Staff to the Mayor of West Yorkshire	Liaison with the Mayor on Project progress

Strategic Modelling Manager	Modelling contributions for the Assessment
Policy Officer	Interface with Mass Transit Project
Policy Officer	Strategic case lead and project support (Core Team)
Policy Assistant	Project admin and support (Core Team)

7.2.6 The Bus Reform Programme has a defined hierarchy and process for decision making through the Bus Reform Programme Board up to the Transport Committee and the Combined Authority. Figure 4 shows the Governance Structure and the reporting cadence in place to support this.

Figure 4: Hierarchy of Boards and Committees



7.2.7 The Authority has used the delivery and governance approach described above to successfully deliver a number of major programmes, including:

Transforming Cities Fund (TCF)

7.2.8. The £475m TCF Programme, started in 2019/20 and is estimated to be completed in 2026/27, has two headline objectives:

1. **Supporting local productivity** - For example, by delivering improved capacity on commuting trips; access to employment centres, enterprise zones and development sites; improved reliability of transport; and support for economic growth.
2. **Supporting sustainable travel** - For example, reducing carbon emissions by bringing about an increase in the volume and proportion of journeys made by low-carbon sustainable modes, including walking and cycling.

7.2.9. The TCF Programme has developed a package of schemes which will also support the West Yorkshire Mayoral pledges of tackling climate emergency and achieving a net zero carbon economy by 2038.

7.2.10. The **Multi-Modal Corridors** Programme focuses on delivering transformational change to bus, cycling and walking routes to better connect people, places, and economic opportunities across the region.

7.2.11. The projects within this programme of works include improving existing corridors and creating new ones that are reliable, affordable, and sustainable, particularly to those who face disadvantage, making access to opportunities and resources readily available for all.

7.2.12. The **Hubs & Interchange** Programme focuses on the TCF themes of:

- Transforming access from communities of persistent poverty to employment opportunities, and skills centres.
- Making travel by bus and rail more attractive, reliable offer by spreading the benefits of ‘Connecting Leeds’ to the rest of the City Region

7.2.13. The projects within this theme encourage and enable the use of bus and rail stations. This includes improvements to existing and new hubs and interchanges across the City Region, which will benefit from improved waiting environments along with integrated cycling and walking access. This will support accommodating future connectivity and employment growth.

7.2.14. The **Access to Places** Programme focuses on the TCF themes of:

- Transforming access from communities of persistent poverty to employment opportunities, and skills centres.
- Creating smart, clean, and liveable places which make cycling and walking the obvious choice within our towns and city centres.

7.2.15. The projects within this theme encourage and enable the use of active and sustainable travel into bus and rail stations, and areas of economic activity. This includes cycling, pedestrian, and bus improvements, as well as place-making enhancements.

7.2.16. As of June 2023, through successful programme management, the Combined Authority has ensured that of the 29 schemes, 4 are already in delivery and a further 6 will be on site later this year, as set out in Table 12 below.

Table 12: TCF Schemes in delivery

TCF Scheme	Delivery – start on site date
(1) West Bradford - Cycle Superhighway Extension	01/11/2023
(2) Bradford Interchange Station Access	01/11/2023
(3) Bradford City Centre Cycling and Walking Improvements	10/07/2023
(10) Heckmondwike Bus Hub	20/11/2023
(17) Leeds Station - Sustainable Travel Gateway (Bishopgate)	02/07/2023
(18) Leeds City Centre Cycle Improvements	07/04/2022
(19) Leeds City Bikes	01/08/2023
(23) Halifax Bus Station	01/09/2021
(24) White Rose Station	12/03/2022
(27) Public transport Network Navigation	01/11/2023

7.3 Planning

7.3.1 An integrated programme plan for the Bus Reform Programme has been developed using Prince II methodology, covering each of the Workstreams.

7.3.2 The content of the plan is owned by each of the Workstream Leads, with updates against progress to be provided weekly / monthly to the PMO.

7.3.3 The PMO updates and maintains the programme plan in collaboration with the Workstream Leads on an ongoing basis.

7.4 Risk and issue management and reporting

7.4.1 Please see Section 6 – Risk management.

8. Conclusion

8.1.1. The management case has considered the incremental resourcing the Combined Authority will need to transition to and implement EP+ or Franchising; the governance, programme management, risk management and benefits evaluation arrangements to be put in place; and its approach to consultation. The following conclusions have been made:

Incremental resource:

8.1.2. This is estimated at an additional 25.5 FTE for EP+ and 68.5 FTE for Franchising. The incremental annual cost is estimated at £1.11m for EP+ and £2.92 for Franchising (including contingency and based on 2023/24 staff costs).

8.1.3. The Combined Authority has concluded that it will be possible to deliver EP+ or Franchising through the Transport Operations & Passenger Experience Directorate, with support from other Directorates, with no significant restructuring required.

Resource required for Transition:

8.1.4. Total Transition costs across the four years of Transition (including dedicated Combined Authority resource, the transfer-in of incremental resource for steady-state, external consultancy and provision for risk) are estimated to be an additional £20.45m for Franchising.

8.1.5. A dedicated transition team for EP+ is not required, beyond the incremental resource to be brought in for steady-state over the two-year transition period (at a cost of £1.72m). An additional £50,000 for upgrades to the RTI reporting system, £29,904 for IT resource to manage this and £61,8111 for resource to manage the route registration function as part of managing the Traffic Commissioner powers has also been assumed.

Governance and programme management for the implementation of EP+ or Franchising, including risk management and benefits evaluation.

8.1.6. The Combined Authority has concluded that existing strategies and structures are sufficient for managing either EP+ or Franchising.

8.1.7. EP+ and Franchising both present additional management risks for the Combined Authority, from transition planning through to steady-state, which would need to be carefully managed and mitigated, in line with existing Corporate Risk Management Strategy (2020).

Approach to consultation:

8.1.8. S123A(9) of the Transport Act requires authorities to set out their plans for consultation with bodies who represent users of local services in order to seek out their views on how well the franchising scheme is working. Under the Franchising Guidance this is required to be an ongoing engagement throughout the life of the franchising scheme.

8.1.9. The Authority will undertake regular, in depth, consultations both during Transition, as the lotting strategy is being implemented, and once all franchise agreements have been awarded.

West Yorkshire Combined Authority

Tracy Brabin Mayor of West Yorkshire

Bus Reform Assessment Conclusion

September 2023

The Bus Reform Assessment Conclusion

1. Summary of the approach

1.1. This Assessment of the options for Bus Reform in West Yorkshire has been 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.

1.2. An Enhanced Partnership 'Plus' and Franchising option have been 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 responds 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 has also tested that the options offer Value for Money, are affordable and are deliverable.

1.3. The narrative summarises the conclusions reached by each case on each option's relative merit.

Strategic Case

1.4. This case 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.

1.5. 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.

1.6. Despite the benefits of the EP+, uncertainty remained across interventions that required further operator agreement and negotiation, and in some cases

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.

Economic case

1.7. The purpose of this case is to demonstrate the Value for Money of the two alternative Bus Reform options with reference to HM Treasury's Green Book Guidance[1] and Department for Transport's Franchising Guidance[2]. The options are 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.

1.8. 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, WYCA, other authorities, bus operators and wider society) has been presented. The Economic Case concludes by presenting the Net Present Value (NPV) of monetised impacts and a Value for Money Assessment, in line with the DfT's Franchising guidance.

1.9. 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.

Commercial case

1.10. This case 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.

[1] The Green Book (2022) - GOV.UK (www.gov.uk)
[2] The Bus Services Act 2017 franchising scheme guidance (publishing.service.gov.uk)

Financial case

1.11. This case 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.

Management case

1.12. This case 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.

2. The preferred option

2.1. Following analysis of each option across all five cases, this assessment can conclude that Franchising offers clear strategic benefits and greater opportunity to achieve the Combined Authority's objectives and ambitions for West Yorkshire compared to the reference case and Enhanced Partnership 'Plus'.

2.2. However, the Assessment is clear that Franchising requires significant capital investment by the Combined Authority and has additional key risks including:

- Budget risk and responsibility for farebox revenue.
- Management of market transition and procurement of services.
- Fleet purchase and depot acquisition.
- New skills and resources required for delivery.

2.3. 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. Letters of commitment received alongside operator proposals provides confidence in support of interventions from those operators, however

further work would be required with operators 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.

2.4. Both franchising and Enhanced Partnership ‘Plus’ are justifiable options in terms of delivering High Value for Money, and are affordable and deliverable.

2.5. 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.

2.6. Furthermore, across all options including the reference case, the public sector will be increasingly relied on to support the bus sector over time – Franchising is identified as providing the greatest levels of control and direct influence to manage these risks.

2.7. This assessment therefore concludes that Franchising is the preferred option for the Combined Authority to progress with subject to both the audit and the outcome of the statutory consultation, which will inform a report and recommendation to the Mayor.

Find out more

westyorks-ca.gov.uk

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Leeds
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All information correct at time of writing

Bus Reform Assessment

Buses in West Yorkshire

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1. Introduction and Background

1.1. Purpose of the document

1.1.1. The purpose of this document is to provide additional information on the current bus market in West Yorkshire to support the discussion in the strategic case of the Combined Authority's assessment of bus franchising.

1.1.2. It aims to provide insight and evidence into bus market trends and what challenges are faced by local bus users and residents.

1.2. Franchising Assessment

1.2.1. The Bus Services Act 2018 Franchising Scheme Guidance (the guidance) sets out the role in developing a case for change to set out the context and overall aims and objectives for an authority in relation to bus. The guidance requires authorities to develop an evidence base around challenges, core drivers and how changes to provision of bus services can help address these. In line with guidance, this document specifically considers:

- Information on local travel patterns and travel demand
- The geography of the area applicable to the franchising assessment
- Current levels of competition in the bus market and its impacts on passengers
- External/wider trends impacting bus services

1.2.2. This document will therefore provide background evidence in support of the case for change developed through the strategic case.

1.3. The Combined Authority's vision for bus

1.3.1. In March 2021 the Department for Transport published the National Bus Strategy. This set out a number of requirements for all Local Transport Authorities, including the West Yorkshire Combined Authority. It required the Combined Authority to develop a Bus Service Improvement Plan and in order to continue to receive financial support, agree to enter into an Enhanced Partnership with bus operators from April 2022.

1.3.2. The National Bus Strategy aims to improve and grow the bus network across England. It set out future funding commitments and details the conditions

needed to secure long term bus funding, acknowledging the role that buses play in wider government priorities notably:

- Enabling access to work and improving employment outcomes
- Driving productivity gains and reducing congestion
- Levelling up through the provision of services to areas of multiple deprivation
- Connecting communities and preventing isolation

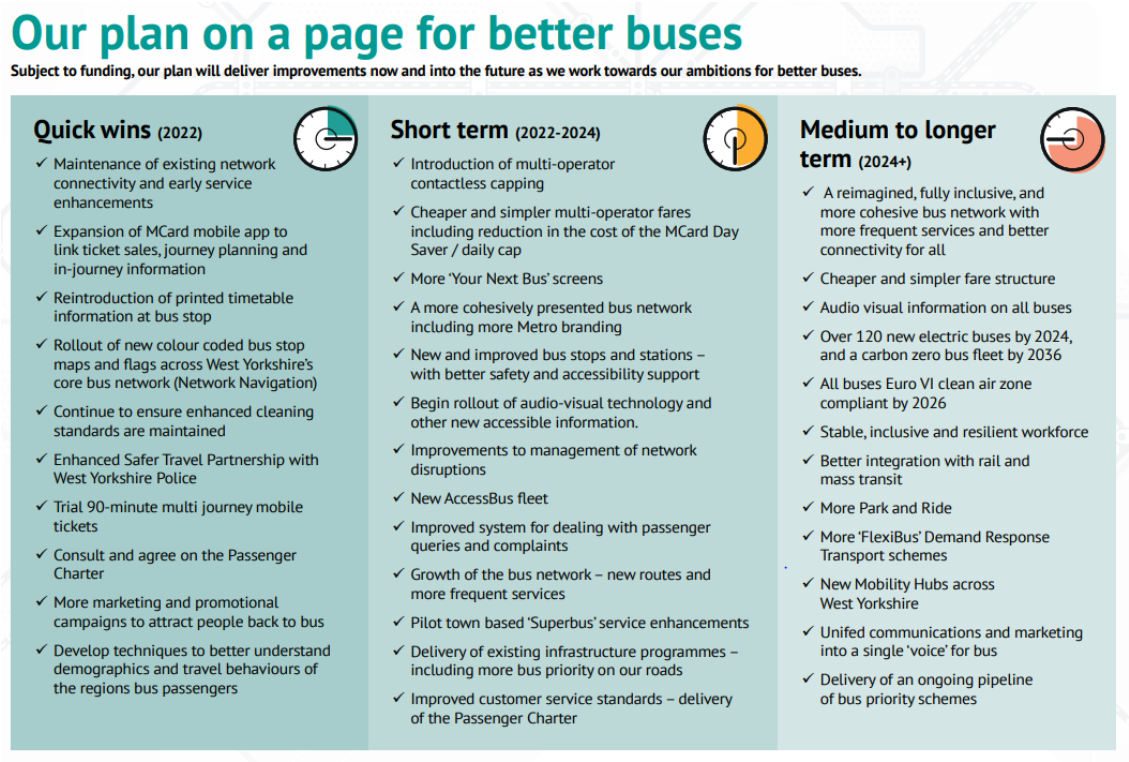
1.3.3. The National Bus Strategy require authorities to set out their vision for buses in Bus Service Improvement Plans (BSIPs). The Combined Authority's Bus Service Improvement Plan (BSIP) builds on the ambitions set out in the West Yorkshire Transport Strategy (2040), the West Yorkshire Bus Strategy (2017) and the West Yorkshire Connectivity Infrastructure Plan (2021) which put connectivity and sustainable travel at heart of a thriving and inclusive regional economy where everyone can build great businesses, careers, and lives.

1.3.4. The Bus Service Improvement Plan is centered on the following strategic priorities:

- **An enhanced and more cohensive bus network** – which takes people where they need to go, when they need to go
- **Clear and simple fares** – to make paying for bus travel more affordable, easier and convenient and flexible.
- **Improved, more inclusive customer service and support** – so passengers have the tools to travel with confidence and the help they need if their journey does not go to plan.
- **Priority for buses on our road** – so journeys by bus are quicker, with less time spent in traffic, and are a viable alternative to the private car.
- **More green and better vehicles** – to improve the onboard experience and make bus the sustainable choice for travel in West Yorkshire.

1.3.5. This plan – including proposed quick wins and medium to longer term ambitions – is summarised in Figure 1 below:

Figure 1 - BSIP: Our plan on a page for better buses



1.3.6. The Combined Authority held a Mayoral election in May 2021 and Tracy Brabin was elected with a pledge to "bring buses back into public control, introduce simpler fares, contactless ticketing and greener buses". This pledge is central to the Combined Authority's Bus Service Improvement Plan and shapes the direction of bus reform and transport decarbonisation in the coming years. The ambition of longer-term bus reform within West Yorkshire is of great importance, showing the ambition for growing bus patronage and enhancing bus services through improved connectivity, whilst also striving for gains in environmental performance of the bus fleet.

1.3.7. At the Combined Authority meeting on 24th June 2021, the Combined Authority approved a Notice for Intent to develop an Enhanced Partnership and a Notice of Intent to undertake an assessment of franchising options. This evidence document is the first step in developing an assessment for franchising. It will inform the Assessment which will enable the Combined Authority to determine the best governance mechanism to deliver on the ambition for transformational change outlined in our Bus Service Improvement Plan (BSIP).

2. Socio-economic Context

2.1. The West Yorkshire Region

2.1.1. The West Yorkshire region covers 780 km² and has a population of 2.35 million. The region is polycentric in nature and is comprised of five metropolitan boroughs: Bradford, Calderdale, Kirklees, Leeds and Wakefield.

2.1.2. The Region encompasses both urban and rural with an interconnected network of separate urban centres, with dispersed population centres. Table 1 below demonstrates the population, geographical size, population density, and the rural / urban area split across West Yorkshire's five districts.

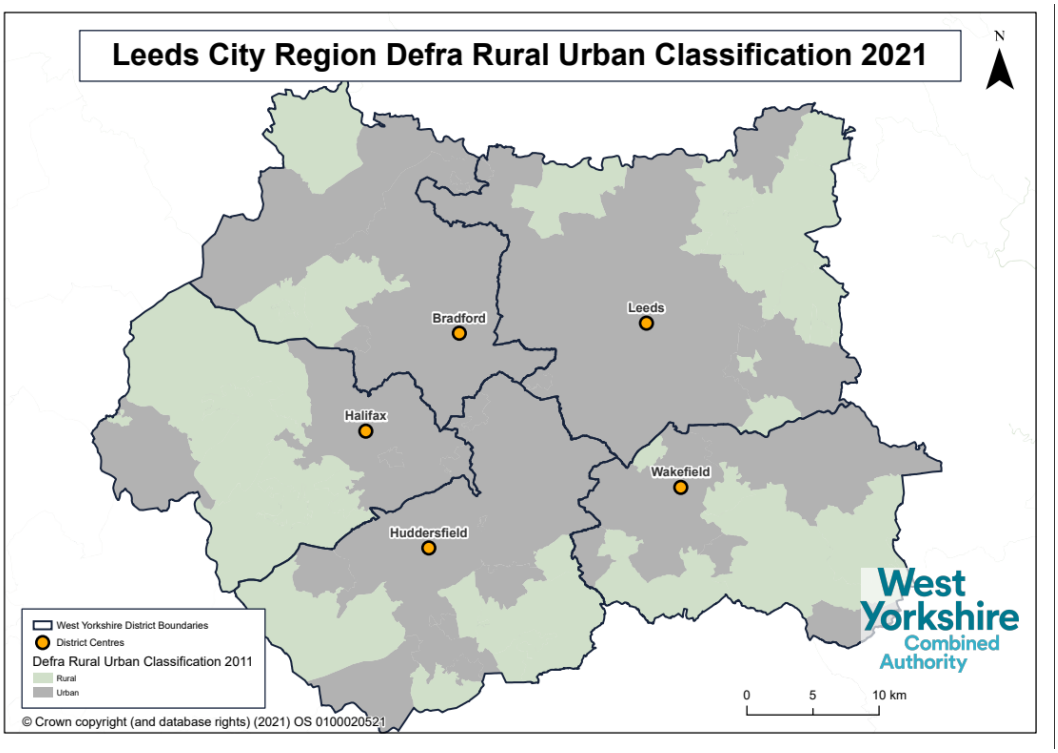
Table 1: West Yorkshire in numbers

Metropolitan Borough	Population (thousands)	Size (square km)	Population Density (pop./sq. km)	Rural / Urban split (Source: DEFRA)
Leeds	812	552	1,472	29% / 71%
Bradford	546	365	1,491	24% / 76%
Calderdale	207	363	560	60% / 40%
Wakefield	353	339	962	46% / 54%
Kirklees	433	409	1,034	36% / 64%
W. Yorkshire	2,351	780	1,159	38% / 62%

Source: Census / Defra

2.1.3. West Yorkshire is an interconnected region, made up of large urban centres including Leeds and Bradford, whilst also being home to the cities and major towns of Huddersfield, Halifax and Wakefield. Our cities and towns are strong economic players and are built on distinctive strengths from local communities, for example, the strength of manufacturing in Bradford, Huddersfield and Wakefield. Table 1 shows the population, geographical size, population density, and the rural/urban area split across West Yorkshire's five distrcits and the rural urban classification can be seen in Figure 2 below.

Figure 2 – Leeds City Region Rural Urban Classification



2.2. Demographic trends

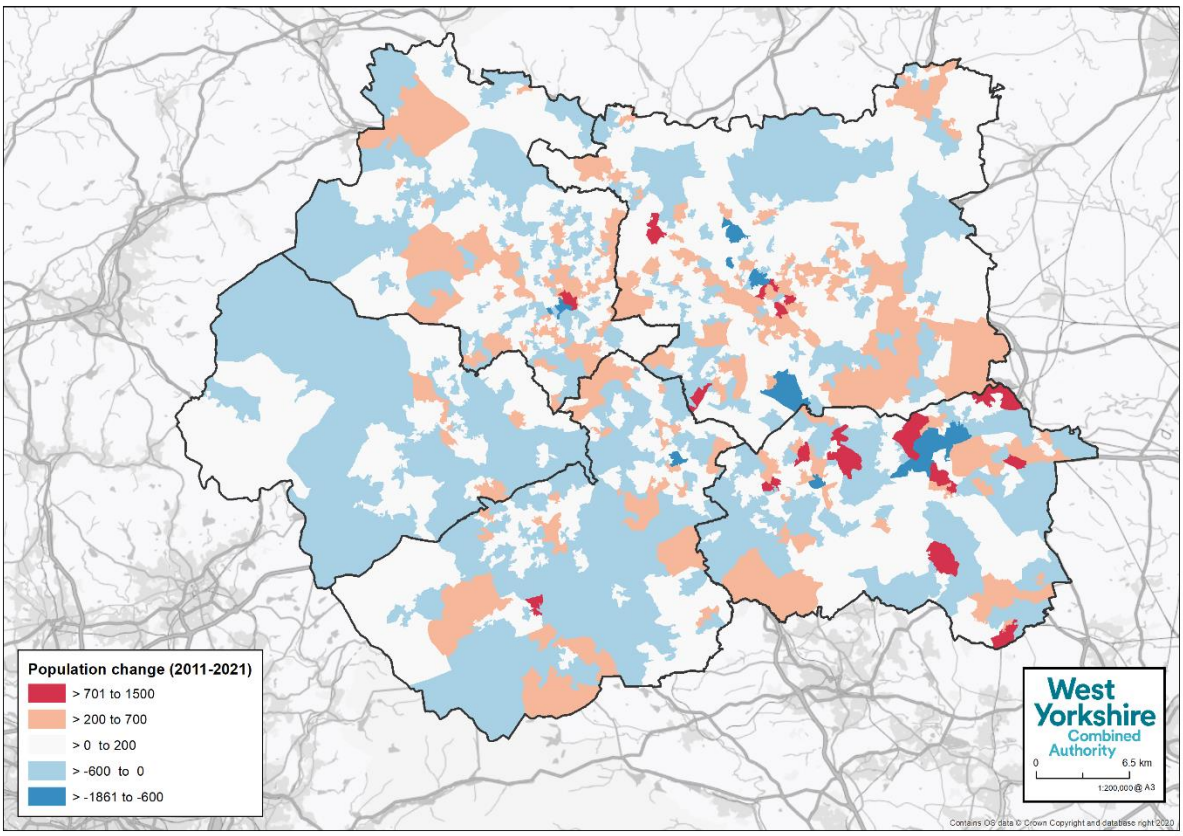
2.2.1. The population of West Yorkshire has increased by 6% in the last decade, a slightly smaller growth than the seen in England (7%). With a population increase of 8% since 2011, Wakefield and Leeds have driven most of this growth. This contrast with just 1% increase in population seen in Calderdale.

2.2.2. In Leeds and Bradford, the areas with the highest increase in population are located in areas around the city centre. In Wakefield, the areas with the highest population increase are observed in suburban areas north of Wakefield, and around the M62 in Normanton. Radial patterns of increase are also observed along or near main corridors in Leeds (A64 and A65), Bradford (B6144 and A658) and Wakefield (A642 and A6194).

2.2.3. These changes represent an opportunity to increase public transport around these locations.

2.2.4. By 2040, the population of West Yorkshire is forecast to grow to 2,489,034 (6% from 2021)[1]. This growth varies across the different cohorts of population, with the 65+ age group being the one with the greatest predicted increase (+32% relative to 2021).

Figure 3 - Population change by neighbourhood 2011-2021



Age profile

2.2.5. West Yorkshire has a greater share of young people compared to England overall. Out of all the Local Authorities in England, Bradford has the 4th highest proportion of under 15s (21.4%).

2.2.6. Figure 4 below demonstrates how the size of the West Yorkshire population compares to that of England's population, when split out by age and sex. As is demonstrated, 18.8% of West Yorkshire's population are aged under 15 (vs 17.4% in England) and 38.4% are under 30 (vs 35.7% in England).

2.2.7. The amount of travelling adults undertake decreases with age and is due to a number of factors such as the decrease in commuting trips, the greater

[1] Source: ONS (2019) National population projections: 2018 based. Available at: https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationprojections/datasets/2014basednationalpopulationprojectionstableofcontents

prevalence of health and mobility issues and reduced income. The Covid-19 pandemic has introduced the risk of infection as a new factor.

2.2.8. In addition, mode share varies greatly by age with age groups most likely to travel by bus being 17-20 and 70+ as seen in Figure 5.

2.2.9. With West Yorkshire having a young population, it demonstrates a significant market that could be better targeted by bus interventions.

Figure 4 - Population pyramid showing the difference in the relative size of the 2021 population by sex for 5-year age bands for West Yorkshire and England

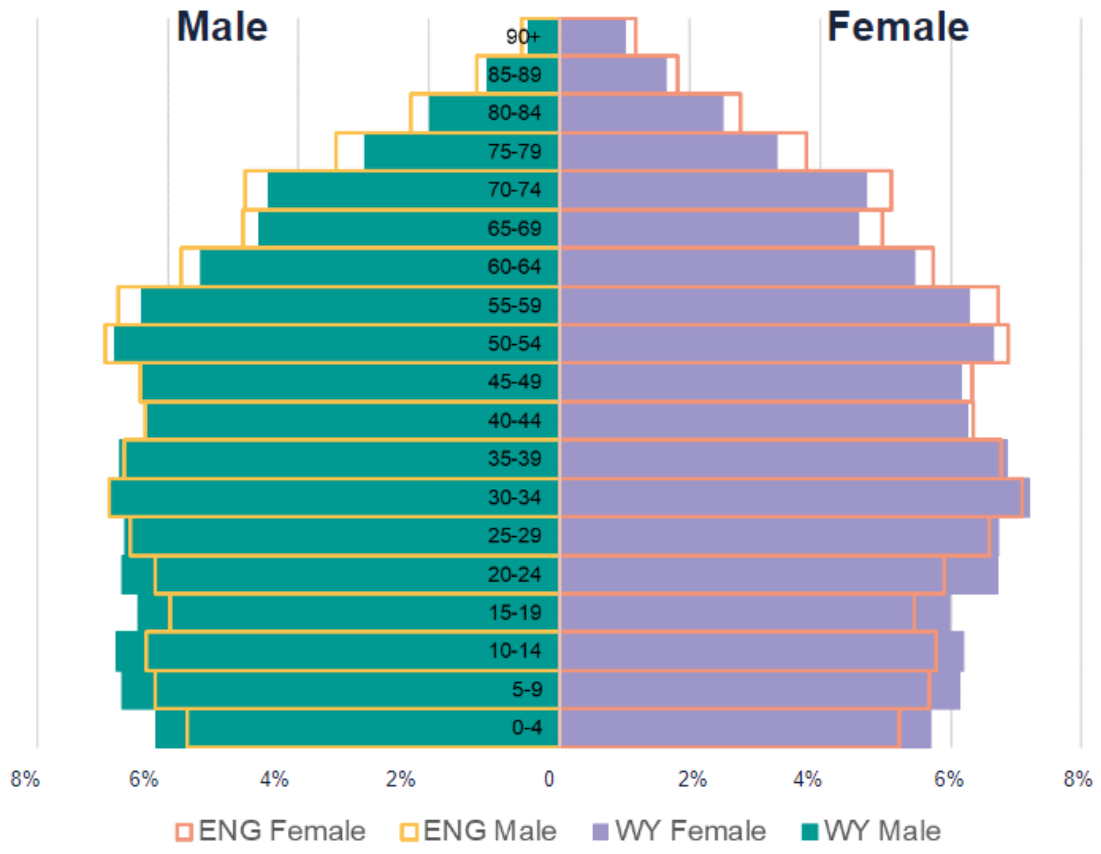
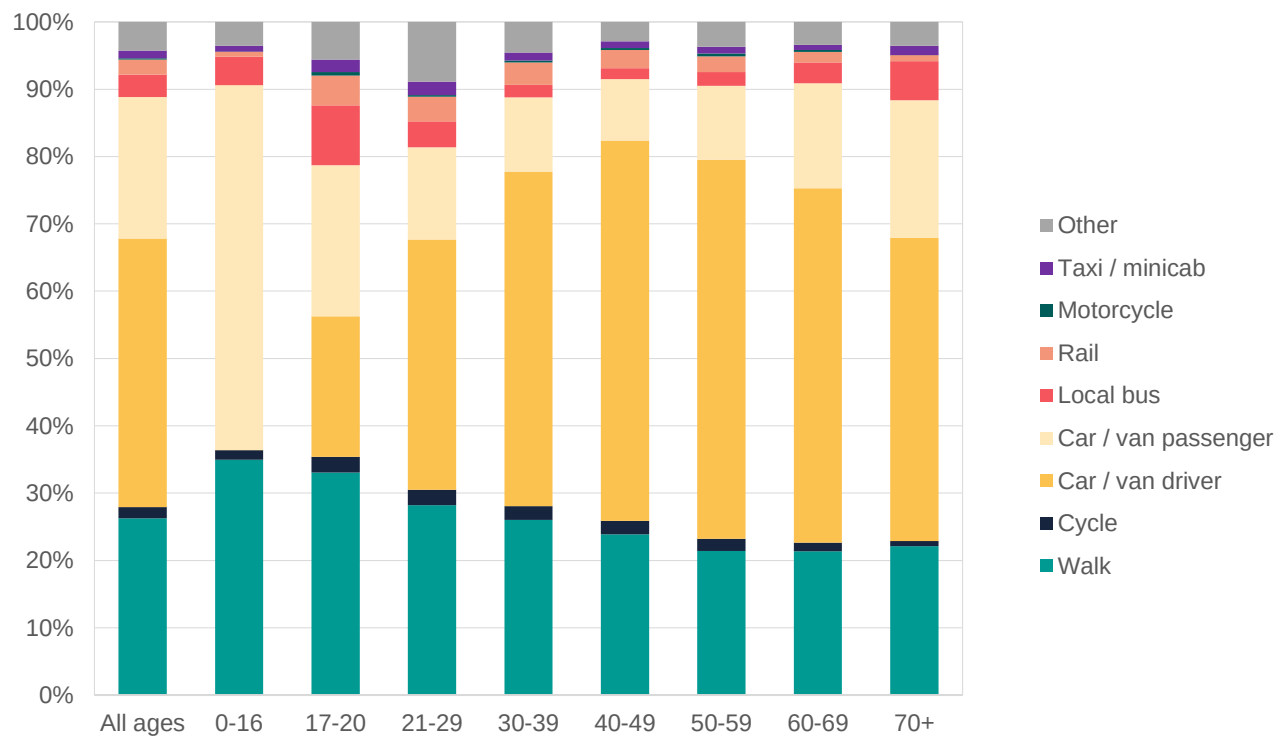


Figure 5 - Mode share by age, England (2019)



Source: National Travel Survey

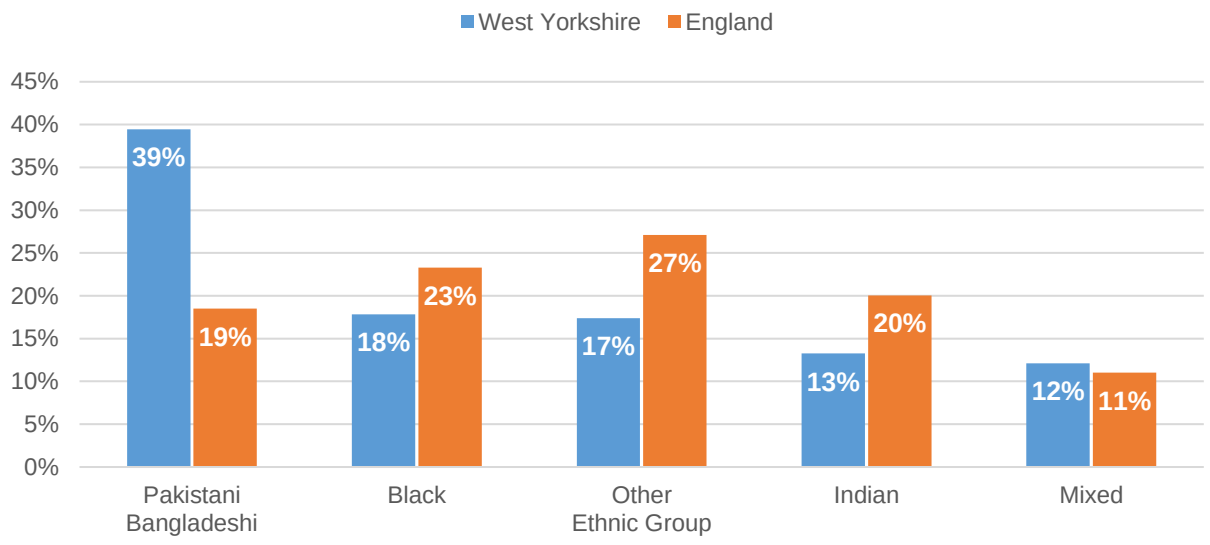
Ethnicity

2.2.10. 81% of the working age population in West Yorkshire is white, with 18% from a different ethnic group. Figure 6 shows the breakdown of ethnic minority groups in the working age population in West Yorkshire.

2.2.11. In most ethnic minority groups, a higher proportion of adults live in households without access to a car or a van than is the case for the white group. For example, only 17% of white adults live in a household without access to a car or van, increasing 22% for Asian / Asian British and 39% for Black / African / Caribbean / Black British groups.

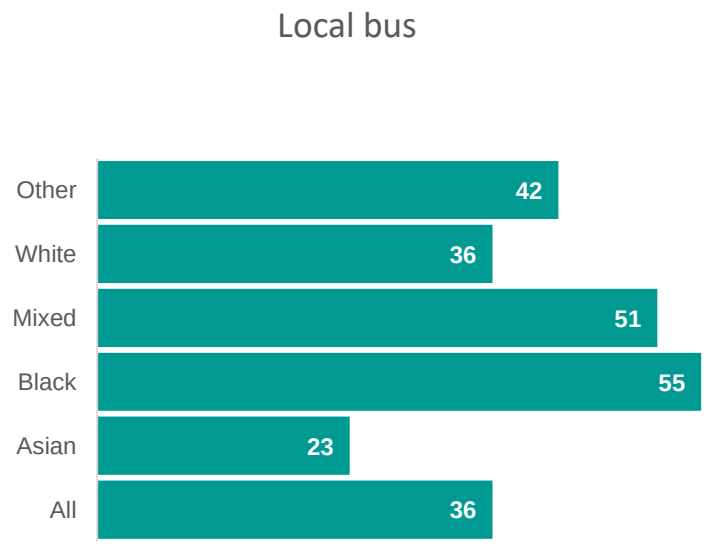
2.2.12. Figure 7 below shows the average number of trips made per person per year by ethnicity on local bus journeys, demonstrating that Asian and White groups take significantly fewer trips via this mode. Nationally, people from the black and mixed groups made the highest average number of trips by local bus at 55 and 51 per annum respectively, compared with a figure of 36 for the white group and an average for all ethnic groups of 36.

Figure 6 - Ethnic minority groups in West Yorkshire - Proportion of ethnic minority working age population, Oct 2021-Sep 2022.



Source: Annual Population Survey

Figure 7 - Average number of trips made per person per year, by ethnicity and mode of transport



Source: National Travel Survey[2]

2.3. Economy

Productivity and businesses

[2] Cited at Travel by distance, trips, type of transport and purpose - GOV.UK Ethnicity facts and figures (ethnicity-facts-figures.service.gov.uk)

2.3.1. West Yorkshire has an employed workforce of 1.1 million and around 95,000 businesses. The region's economic output is worth £57.4 billion, making it the third largest city region (or equivalent) economy in the UK outside London.

2.3.2. Over the last 12 months, the number of payrolled employees has increased by 3%, in line with national figures. The median wage across the region has increased by 7% over the last 12 months, to £1,979/month. However, wages have not kept pace with inflation, and this is expected to continue throughout 2023.

2.3.3. The economy within West Yorkshire is increasingly drawing highly skilled, knowledge intensive service sector workers –it has the largest finance and insurance sector of any of 10 combined authority areas in England, whilst retaining a strong tourism offer and outstanding cultural and leisure opportunities.

2.3.4. In March 2022 West Yorkshire was home to 92,400 private sector businesses[3], giving the area the third largest business base among MCAs, behind Greater Manchester and West Midlands. Nearly all (99.6%) of local private sector businesses are small and medium sized i.e. fewer than 250 staff. This is in line with the national average.

2.3.5. In the past five years, our region has seen particularly strong growth in transport and storage industries, with a net increase of 77% in the business count (compared to 59% nationally) and in accommodation and food, which has seen a growth of 22% (compared with 17% across England).

2.3.6. Local productivity has remained markedly below national levels, even excluding London, over the past decade. In 2020, West Yorkshire's output per hour worked was 87% of the UK average, which represents a wider gap than the existing before the 2008 recession.

2.3.7. GVA per head in West Yorkshire –an indicator of the region's prosperity– stood at £24,500 in 2020, which is 82% of the average for England. With a figure of £33,500, Leeds is the only area of West Yorkshire where output per head is higher than the England average.

[3] ONS (2021) Inter Departmental Business Register (accessed through NOMIS)

2.3.8. Our economy does not currently benefit everybody in the region, and it does not contribute as much to the rest of the country as it could. In relative terms West Yorkshire and the rest of the North of England have been in economic decline, demonstrated by lower levels of employment, output per worker, qualifications, and household income.

2.3.9. Productivity is below national levels in all parts of the region, and the gap to national performance is not closing. Despite improvements there remains a gap between local and national skill levels, particularly for higher level skills. Businesses in the region are characterised by relatively low levels of businesses investment in R&D and innovation activity.

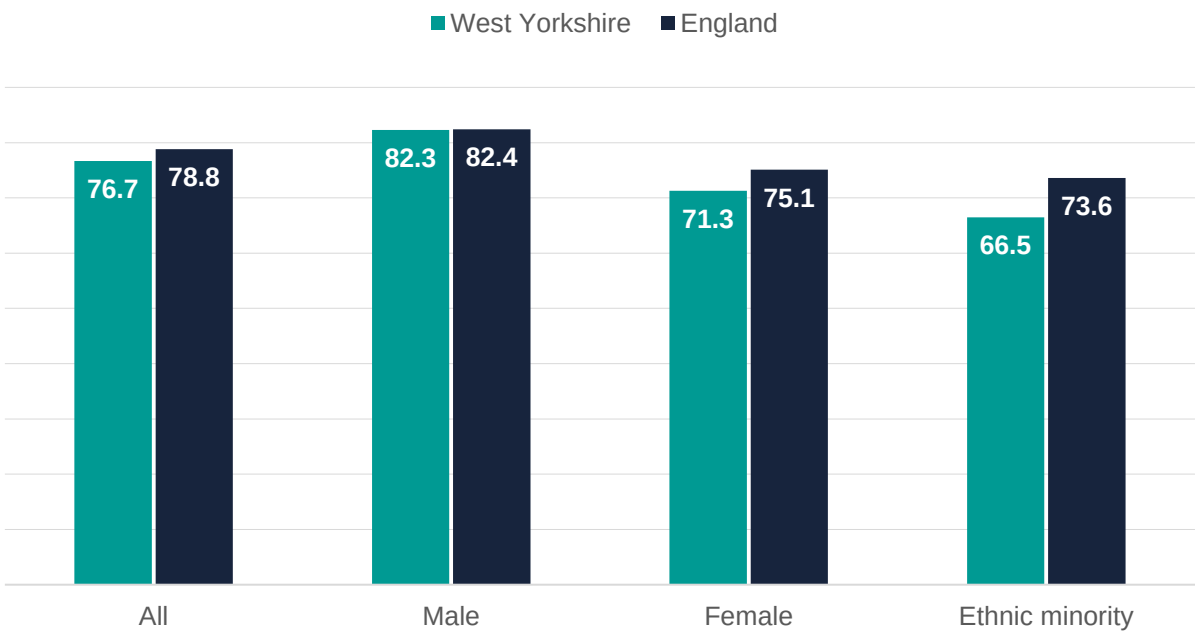
Employment

2.3.10. The unemployment rate among those aged 16 and over in West Yorkshire is currently 3.7%, similar to the England average[4]. Unemployment is lower among West Yorkshire women (4.2% of women are unemployed, compared to 5.6% of men); however, the rate of activity is more than 10 percent points lower for women than men (71.3% and 82.3%, respectively).

2.3.11. Ethnic minority groups have rates of unemployment substantially higher than average. The unemployment rate for people belonging to an ethnic minority in West Yorkshire is currently 9.3%, more than double the region's average and also substantially higher than the England's rate for the same group (6.6%).

[4] ONS (2022) Annual Population Survey. Sept 2021 – Oct 2022 (accessed through NOMIS)

Figure 8 - Proportion of people aged 16 and over who are economically active, West Yorkshire and England (%)



Source: Annual Population Survey

2.4. Deprivation

2.4.1. 23% of the population (531,000 people) of West Yorkshire live in neighbourhoods which fall into the 10% most deprived in England, with significant pockets of deprivation existing across all five of the districts[5].

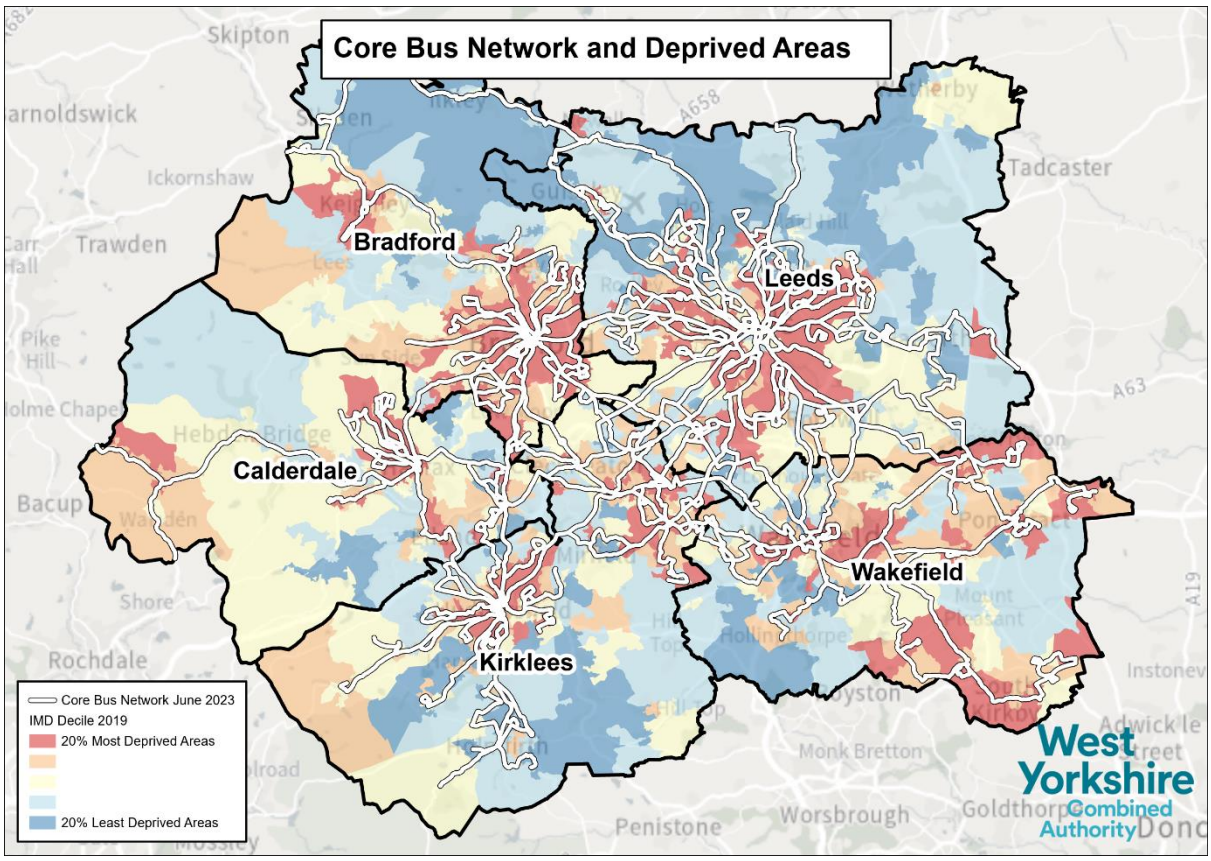
2.4.2. Of the 100 most deprived neighbourhoods in England four are in Bradford, and three are in Leeds. There is significant spatial variation in deprivation at district level with deprivation significantly high within Bradford, 49% of residents living within the most deprived quintile.

2.4.3. The proportion of West Yorkshire neighbourhoods falling into the most deprived areas in England increased between 2015 and 2019, with 24 more neighbourhoods in West Yorkshire counting among the most deprived ones nationally. The most disadvantaged areas are clustered around town and city centres and their periphery, as shown in figure 9. A key issue of concern is that a third of residents in the most deprived neighbourhoods are also from an ethnic minority group.

[5] Index of Multiple Deprivation, 2019

2.4.4. It is important that the bus network is affordable and easy to access within deprived neighbourhoods in order to better achieve inclusive growth and connect people to education, training and employment opportunities.

Figure 9 - IMD 2019 at neighbourhood level



2.5. Disability

2.5.1. Nine per cent of adults in England report having a mobility difficulty. The proportion of those reporting a disability increases with age, with just 4% in the 16-49 age group reporting a mobility disability, a percentage that increases to 26% for people aged 79 and over. Disabled adults make 38% fewer trips than those with non-disabled adults, and travel just 46% of the distance travelled by the latter.

2.5.2. Disabled adults undertook 26% fewer trips by public transport than those with non-disabled adults. They are more reliant on trips by taxi and trips as car passengers.

2.5.3. In terms of public transport use, disabled people are more likely to use the bus and less likely to use rail.

2.5.4. A high percentage of disabled people are self-employed, due to a lack of alternative employment options. The number of disabled people in the working age population in West Yorkshire has increased from 289,000 from 2014 to 348,000 in 2021.

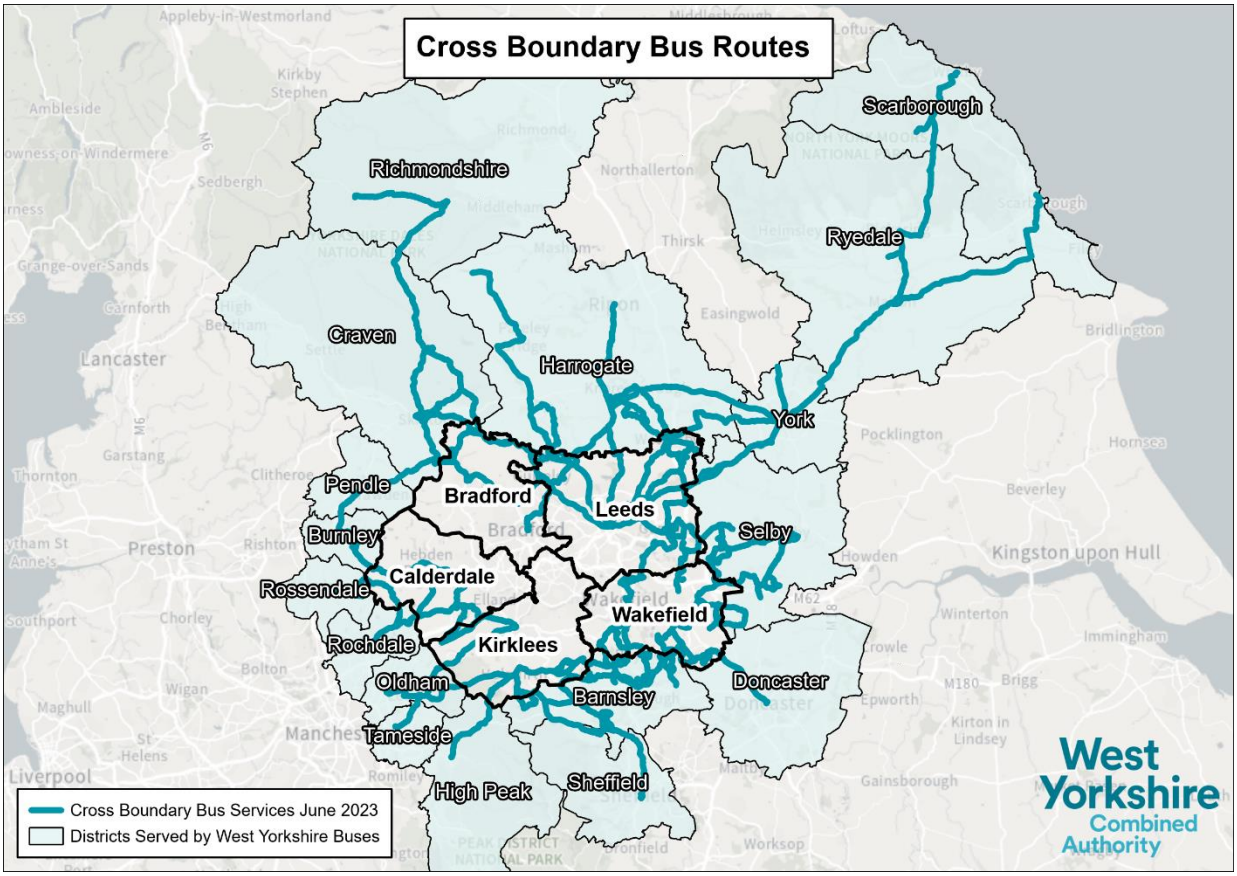
2.5.5. Ensuring a that bus is easy to access both in terms of the reach of the network and the onboard accessibility is therefore important in achieving the vision for bus as set out in the West Yorkshire BSIP.

2.6. Neighbouring Transport Authorities

2.6.1. West Yorkshire borders five neighbouring transport authorities: North Yorkshire County Council, Derbyshire County Council, Greater Manchester Combined Authority, South Yorkshire Combined Authority and Lancashire County Council and Blackburn with Darwen Borough Council.

2.6.2. The Combined Authority works cooparetively across boundaries and also runs several cross-boundary bus services as evidenced by figure 10 below. As such, it is important to ensure that there is coherence across transport policies to ensure that services can be run efficiently and effectively across boundaries.

Figure 10 - West Yorkshire Cross Boundary Bus Network



2.6.3. The below table describes the transport policies implemented by said neighbouring authorities to highlight how there are interlinkages across authorities on policy and strategy objectives, despite different approaches (be it EP or franchising) to achieving said reform.

Table 2: Neighbouring Authority Transport Policies

Local Authority	BSIP Objectives	Bus reform status	LTP objectives
North Yorkshire	• A high quality, coordinated and integrated bus network • Simple payment and ticketing options • Simple, clear, and freely available information • Excellent customer service • Ticketing reform / fares support	• Entered an Enhanced Partnership on 1st May 2022	• Economic growth • Road safety • Access to Services • Environment and Climate Change • More sustainable, cleaners and healthier travel choices
Derbyshire	• First choice mode for existing and new customers	• Entered into an Enhanced Partnership with	• Supporting a resilient local economy • Tackling climate change

	• Available for more journeys and which grows to meet customer needs • Affordable to use • Environmentally sustainable • Welcoming and friendly for existing and new passengers • A connected network that helps reduce social isolation	operators as of March 2022 • Not currently pursuing franchising	• Contributing to better safety, security, and health • Promoting equality of opportunity • Improving quality of life and promoting a healthy natural environment • Pave path towards more sustainable travel habits
Greater Manchester	• Providing customers with a safe and seamless travel experience • Turn up and go frequencies on major routes • Readily available, easy to use, live, and up-to-date • Improvements to journey times and reliability • Significant increases in bus priority, and improvements to waiting environments • More affordable journeys, integrated with other modes • Zero emissions, high quality buses	• Greater Manchester will be running the bus network under a franchised system • GMCA gave notice of its intention to prepare an assessment of a proposed franchising scheme on 30 June 2017. • Due to the scale of change from the current system franchising will follow a phased introduced over 3 lots by phases by 2023.	• Supporting sustainable economic growth • Protecting our environment • Improving quality of life for all • Developing an innovative city-region
South Yorkshire	• A faster, more reliable and punctual system helped by significant bus priority measures • A better bus experience with new bus shelters, on street information, backed by a new customer charter to improve journeys • A new zero emissions bus fleet and on-demand bus service • A proposal to make bus travel free for everyone aged 18 and under in South Yorkshire	• South Yorkshire published its notice of intention to prepare bus franchising scheme on 22 March 2022. • The Authority is currently in an Enhanced Partnership with operators	• Residents and businesses connected to economic opportunities • Safe, reliable, and accessible transport network • Comprehensive and integrated transport connections that are reliable and affordable
Lancashire County Council and Blackburn with Darwen Borough Council	• More frequent and reliable bus services • Improvements to planning / integration with other modes • Improvements to fares and ticketing	• Lancashire County Council is currently in an Enhanced Partnership	• Targeting air quality and carbon emissions • Improving road safety • Targeting congestion and parking • Improving health and wellbeing

	• Higher specification buses • Improvements to passenger engagement		• Creating spaces that are safe and social for everyone • Improving accessibility and inclusion to transport • Maintaining transport assets in good condition • Strengthening the economy • Offering quality transport alternatives to the private car

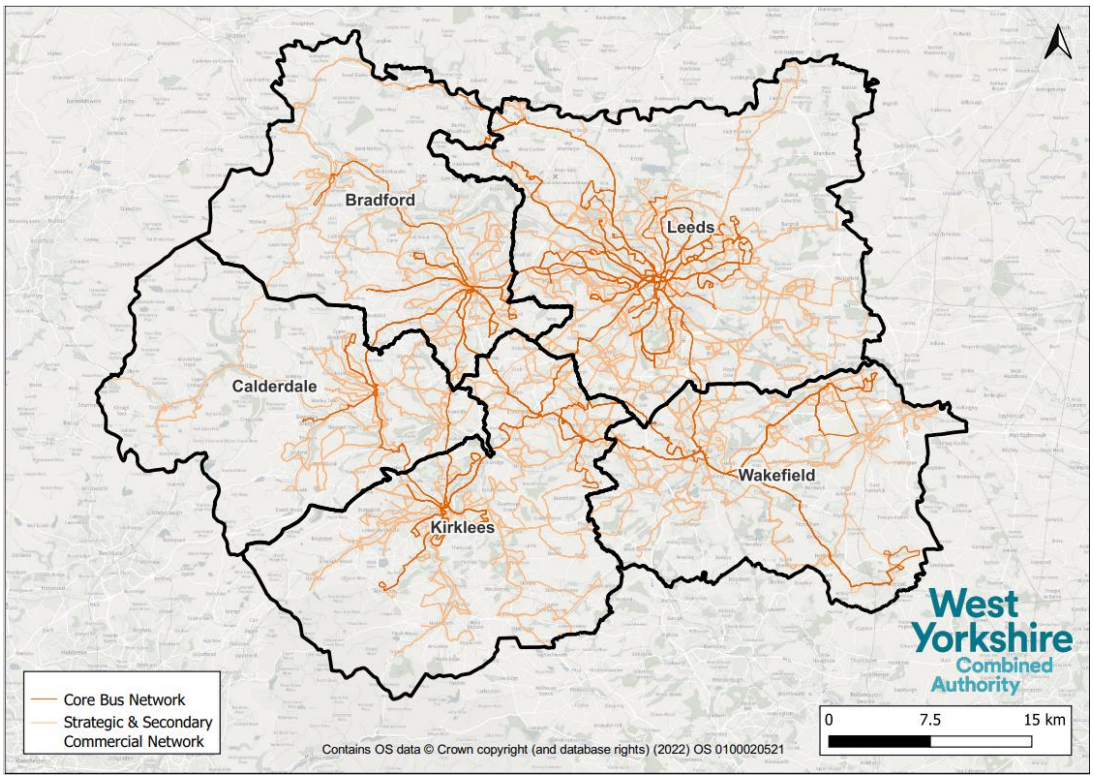
2.6.4. Generally, the high-level objectives of neighbouring authority policies tend to focus on promoting sustainable economic growth, reducing carbon emissions and building a reliable and safe transport system for passengers.

3. Current Bus System

West Yorkshire Bus Network

3.1. A map showing the West Yorkshire region, alongside the existing regional bus network, can be seen in Figure 11 below.

Figure 11 - Map of West Yorkshire Bus Network



3.2. The network is currently broken down into three tiers which reflect the frequency and commercial basis of the services provided. These are the:

- **Core Network** – of services with a frequency of every 15 minutes or better, and primarily all operate on a commercial basis
- **Strategic and Secondary Commercial Network** – of services operating at less than 15-minute frequency
- **Secondary Community Network** (Tendered) – which is made up of less frequent services which are partially or wholly subsidized by the Combined Authority to maintain socially necessary connectivity

Management and Operators

3.3. There are currently 25 bus companies operating in West Yorkshire. A full list including smaller operators within the West Yorkshire region can be seen in the table below. The West Yorkshire bus network is, in the main, delivered by three major commercial operators (Arriva, First and Transdev) that largely provide radial services into the major towns and cities. Prior to the pandemic, they provided 85% of total bus miles on a commercial basis. The remaining 15% of bus miles (9.5m miles per annum) were then operated under contract with the Combined Authority at a net cost of £17.5m per annum.

Table 3 – List of existing bus operators in West Yorkshire

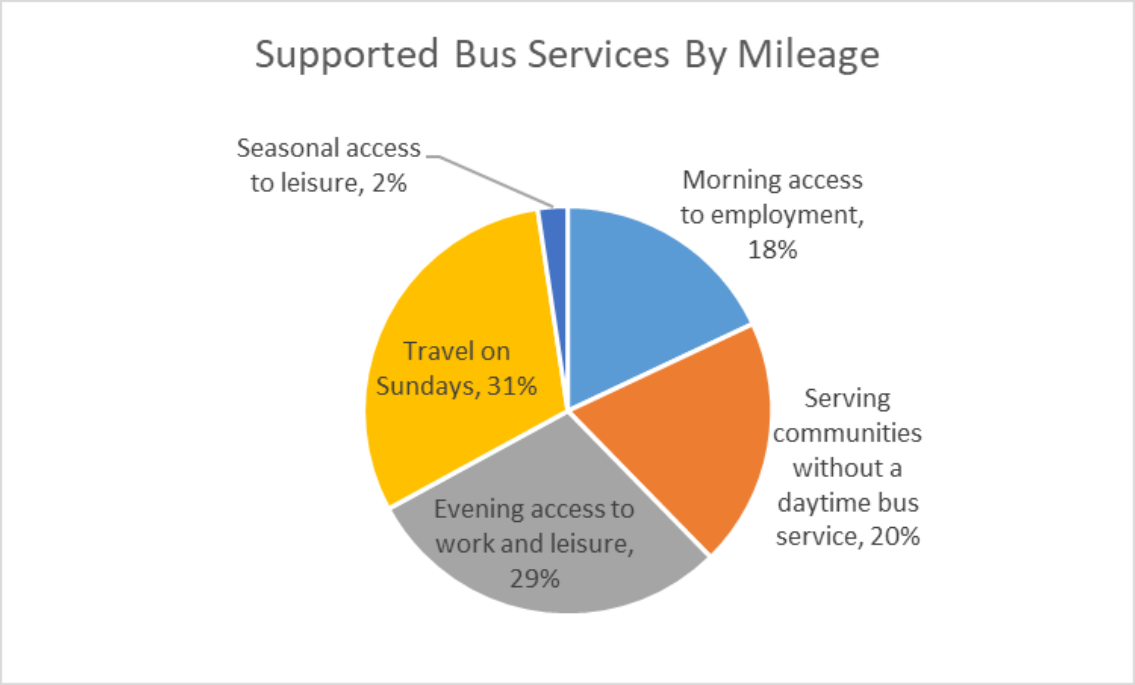
Bus Operators in West Yorkshire	
A Lyles & Son/Longstaff of Mirfield	**South Pennine Community Transport CIC**
Arriva Yorkshire	**Square Peg Bus Ltd**
Dales & Bowland CIC/ Dales Bus	**Station Coaches**
D K Travel	**Stagecoach Yorkshire**
E Stott & Sons	**Stevenson's Travel Ltd**
First West Yorkshire	**Streamline**
Globe Holidays Ltd	**Stringers Pontefract Motorways**
Harrogate Coach Travel /Connexions	**Team Pennine**
Jacksons of Silsden	**Tetley Motor Services Ltd**
J and B Travel	**TLC Travel Ltd**
North Yorkshire County Council (Reliance)	**TM Travel**
Ross Travel Ltd	**Transdev - Keighley, Harrogate, Coastliner, Flyer**
	York Pullman

3.4. Traditionally, the Combined Authority contracts a number of uncommercial but socially necessary services, as well as funds additional early morning, evening and weekend journeys on some routes which operate on a commercial basis at other times of the week when demand is higher.

3.5. 45% of the Combined Authority's spending on supported bus services enables an extension of otherwise commercial routes. Only 38% of bus routes operate without any contracted journeys. Overall, 60% of bus routes in our region still require some level of financial support from public funds.

3.6. Figure 12 provides an approximate overview of the travel reasons behind supported bus mileage pre-pandemic. This demonstrates the varying reasons for Combined Authority spend on bus services, with travel on Sundays and evening access the top two reasons for additional spend. This suggests significant spending on the extension of routes to support additional journeys.

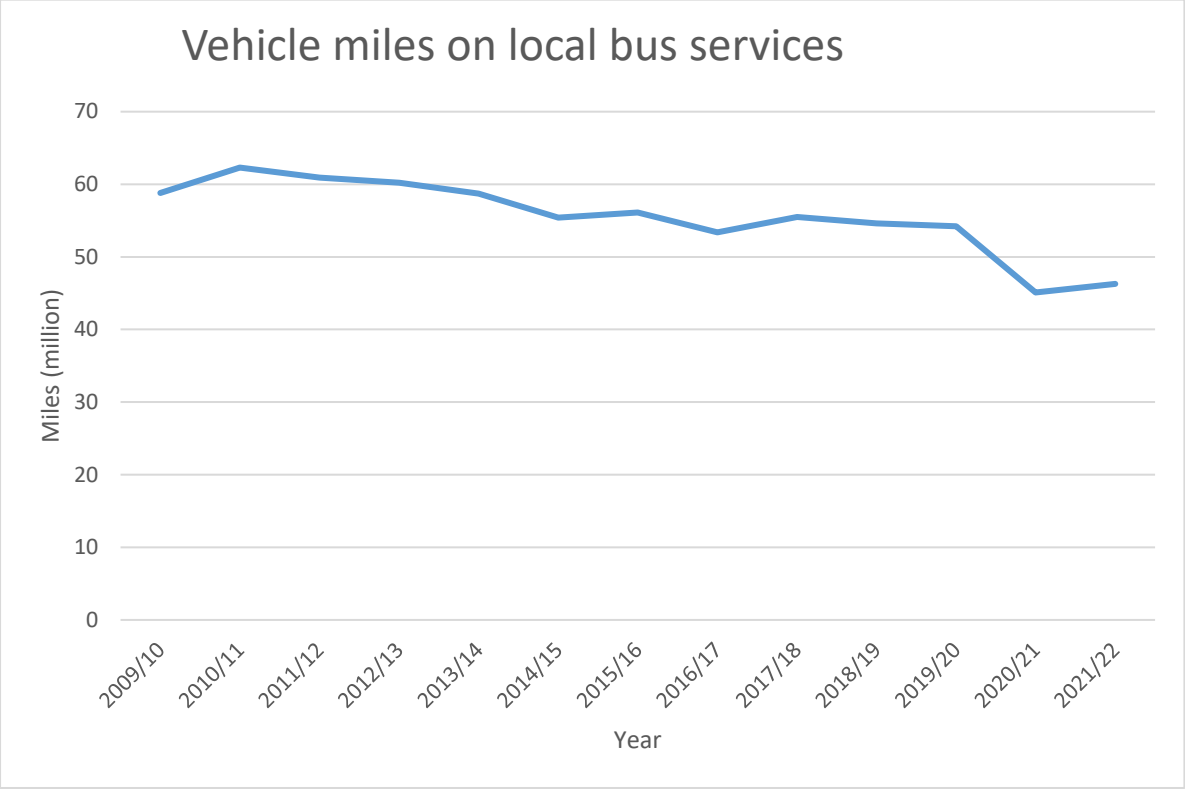
Figure 12 - Supported bus mileage in West Yorkshire, by purpose



Mileage

3.7. The graph below shows the decline in operated mileage across the West Yorkshire network between 2011 and 2023, showing network decline over time.

Figure 13 - Mileage of West Yorkshire Network (Source DfT Bus02d)



Supporting Organisations

3.8. In addition to the commercial bus operators a number of other organisations support delivery of the local bus system

Metro

3.9. Metro is the transport network of the West Yorkshire Combined Authority. Under the well-known Metro brand, the Combined Authority:

- Spends almost £20m funding around 15% of West Yorkshire bus journeys that commercial bus operators would not otherwise run because they don't consider them profitable;
- Subsidises the cost of train services in West Yorkshire;
- Manages the majority of West Yorkshire's bus stations and maintains the region's 14,000 stops, shelters and timetable displays;

- Co-ordinates around a quarter of a million AccessBus journeys per year for 5,000 registered users who are unable to use regular bus services;
- Manages prepaid tickets such as MCard on behalf of the bus operators and spends £50m annually on concessionary fares schemes that provide reduced cost travel for seniors, blind, disabled and young people;
- Develops and secures funding for transport improvements such as the new rail stations built at Apperley Bridge, Kirkstall Forge and Low Moor, Leeds Station Southern entrance, Castleford Bus Station;
- Provides up-to-date on all public transport services through its website, printed timetables, the 'yournextbus' real-time service, @MetroTravelNews Twitter feed and the West Yorkshire Metro Facebook page;
- Organises transport to and from school for more than 40,000 West Yorkshire pupils;
- Part-funds FreeCityBus and FreeTownBus services in Dewsbury, Huddersfield and Wakefield

MCard – West Yorkshire Ticketing Company Ltd (WYTCL)

3.10. A statutory ticketing scheme enables the existing MCard multi operator, multi modal smart ticketing offer in West Yorkshire. This provides a range of day and season ticket products for both bus and rail delivered on ITSO smartcard and mobile barcode app. MCard is the largest smart ticketing scheme outside London.

3.11. Prior to the pandemic, the sales turnover of MCard was £34m per year. The scheme is administered by the Combined Authority under the direction of the West Yorkshire Ticketing Company Ltd (WYTCL).

3.12. WYTCL is a joint venture company co-owned by the Combined Authority, bus and rail operators.

The West Yorkshire Bus Alliance

3.13. The West Yorkshire Bus Alliance was established in 2019 and (as of April 2022) is an Enhanced Partnership between the West Yorkshire Combined Authority, the five West Yorkshire Districts and local bus operators, including the three major operators, Arriva, First and Transdev.

3.14. Together the Alliance has achieved:

- The introduction of an Under 19 fares deal to provide cheaper travel for young people travelling on any service in the region;
- Development and introduction of a colour coded map to support navigation of Leeds core bus network – which will now be rolled out region-wide;
- Launch of the MCard Mobile ticketing app which now accounts for over 68% of multi-operator ticketing sales;
- Secured funding and managed the delivery of over 400 retrofitted buses to make local buses cleaners and greener;
- Collaborative working through the Covid-19 pandemic, which ensured services ran for essential travel and supported passengers to stay safe – including the publication of new bus occupancy information;
- Introduction of the “Mayor’s Fares” on 4 September 2022, capping all single fares at a maximum of £2, and means the maximum price anyone will pay for a day’s bus travel in the region would be £4.50. This represents the first step towards standardizing bus fares across all bus company services.

3.15. Through the West Yorkshire Bus Alliance, the Combined Authority has taken steps to address some of the market failures of deregulation and worked with operators to ensure buses have been available throughout lockdown and beyond. However, the economic pressures created by the pandemic and the urgent need to put services on a sustainable footing for the long-term has limited these successes.

3.16. In March 2022, the Bus Enhanced Partnership went to members of the West Yorkshire Combined Authority for approval. This is a statutory partnership between the Combined Authority, West Yorkshire local authorities and bus operators in the region.

3.17. The EP Plan reflects the ambitions of the BSIP and provides a mechanism to make stronger agreements with bus operators.

3.18. To deliver improvements, EP Schemes are agreed and delivered. The first EP Scheme was focussed on Bus Priority Highway Infrastructure, specifically the A61 South, Leeds.

3.19. The Department for Transport set a requirement for the indicative £69m BSIP revenue funding to be contractualised within an EP. As such, the second EP Scheme is a BSIP EP scheme that has been created to incorporate the three top BSIP outcomes of clear and simple fares; an enhanced bus network and supporting bus priority**.** These schemes will be added to to lock in the benefits of other bus priority projects across the region.

3.20. DfT has also requested the delivery of BSIP funded projects be contractualised within an EP Scheme, which is currently in the process of being delivered.

Passengers

3.21. People are at the heart of our Region having a diverse population with many ethnicities, background and lifestyles represented, bringing great cultural diversity which is celebrated. Our Bus Service Improvement Plan recognises that, understanding what people want from public transport services and their wider travel needs should be at the forefront of improving buses, whilst this value is also at the core of the West Yorkshire Bus Strategy.

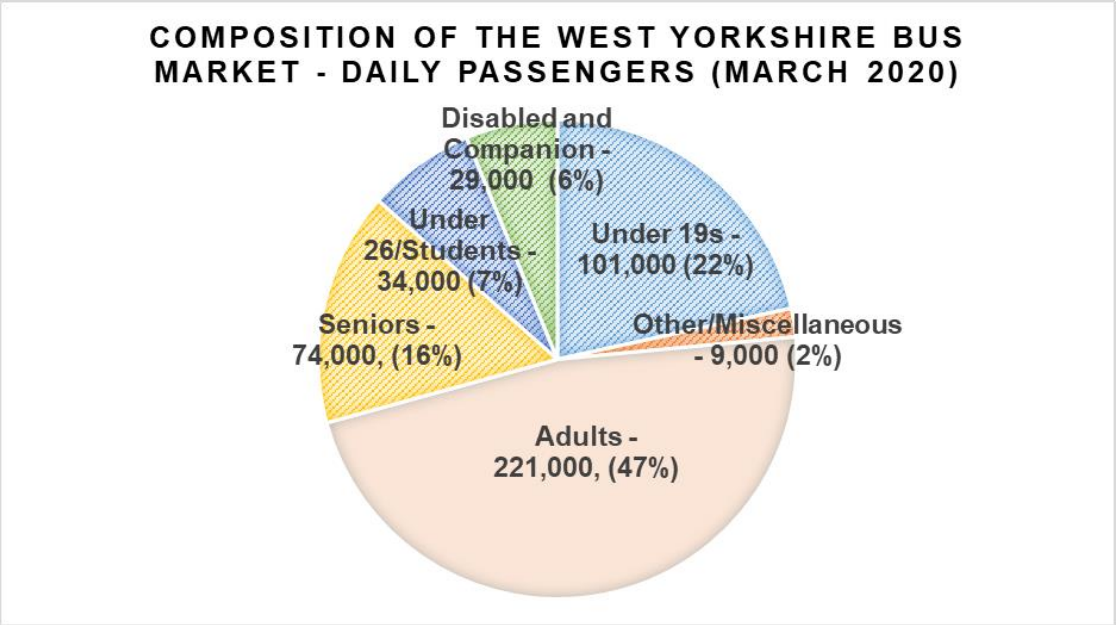
3.22. Therefore, understanding different passengers and their behaviours is crucial to retaining them, attracting new passengers and growing the bus market, and ultimately delivering a better bus service for the Region.

3.23. The bus is the biggest public transport mover of people in West Yorkshire and has a critical role in the transport network providing access to jobs, education and leisure. Within the region, bus accounts for 6.1% of trips, double the average bus modal share across England, demonstrating the relative importance of bus to the local economy and wider metropolitan area.

3.24. Figure 14 demonstrates the composition of the West Yorkshire bus passenger market using bus operator data from prior to the Covid-19 pandemic. It

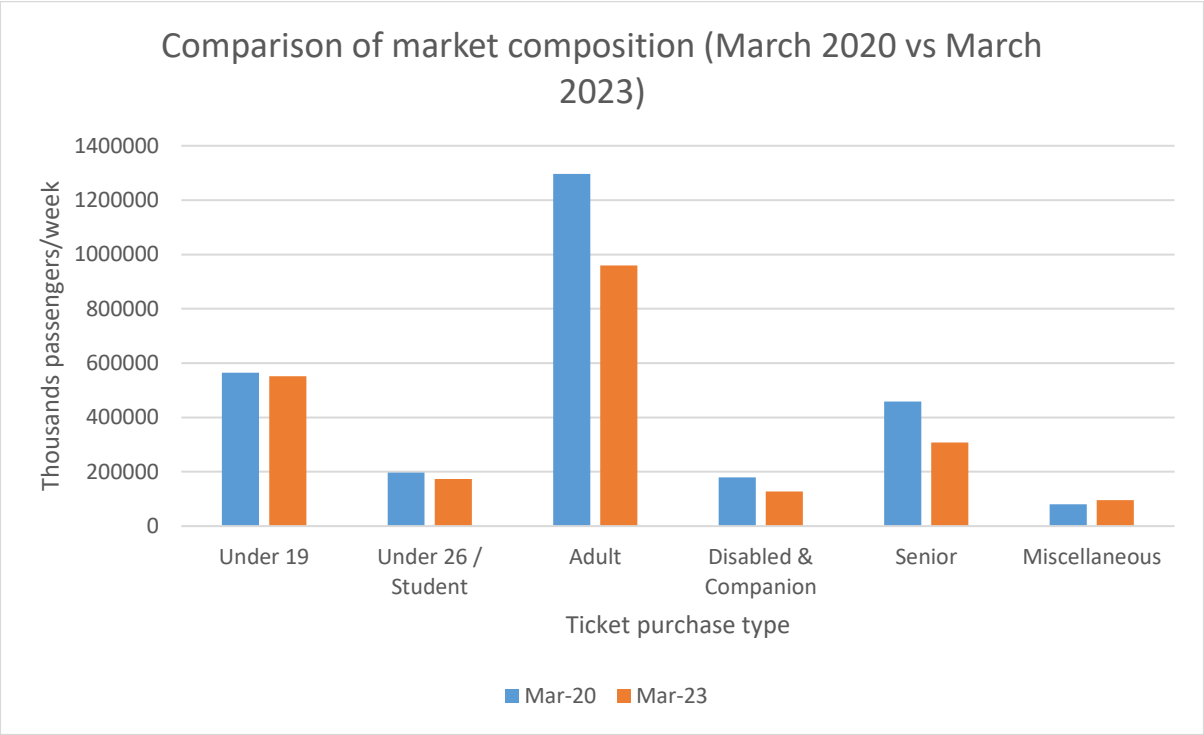
demonstrates the biggest proportion of bus passengers are adults (47%), followed by under 19s (22%) and seniors (16%).

Figure 14 - Composition of the West Yorkshire Bus Passenger Market (March 2020)



3.25. Post-pandemic the composition of the West Yorkshire bus market has altered, shown in the graph below, with concessionary travel and adult travel still falling significantly lower than pre-pandemic. Figure 15 below demonstrates the breakdown of passenger cohorts versus the pre-pandemic baseline.

Figure 15 - comparison of market composition



3.26. There are a number of primary ways we currently identify different bus passengers. At a broad level, West Yorkshire residents and visitors can be grouped into three key categories – regular, occasional and non-bus users (see table 3 below) as referenced in the BSIP.

Table 4 – Definitions of regular, occasional and non-bus users

Bus user type	Description
Regular bus user - uses bus at least once per week. Approx. 39% in 2019/20 based on figures for 'At least 4 days per week' (17%), '1 to 3 days per weeks' (22%).	These passengers are most likely use bus as their primary mode of transport, particularly for travel to work or other regular, essential purposes such as to access healthcare service or shopping. They are likely to use season tickets but may be interested in more flexible ticketing offers.
Occasional bus user - uses bus less that once per week but at least once every 3 months. Approx 21% in 2019/20 based on figures for '1 to 3 times per month' (15%), 'Every 2 to 3 months' (6%)	These passengers are likely not to use bus as their primary mode of transport but do use it occasionally, largely for leisure purposes and for either ad-hoc journeys or to travel to particular locations. They are most likely to use single and return fares.

Bus user type	Description
Non bus user - rarely (less than every 3 months) or never uses buses. Approx. 40% in 2019/20 based on figures for 'Once or twice a year' (10%) and 'Less than once per year' (3%) or never' (27%).	These passengers rarely use bus and it is definitely not their primary mode of transport – they would only ever use bus by exception or for irregular journeys.

Bus Network Development Plan

3.27. The Combined Authority is continuing to develop is Bus Network Plan which will help determine how it invests the relevant portion of BSIP funding (approx. £30.9m) to deliver new and enhanced bus services.

3.28. Core to the Combined Authority's ambitions, as set out in the BSIP, is to support a safe and inclusive bus system that better connects communities across the region, particularly those in areas of high deprivation and rural areas. This means supporting bus passengers throughout their end-to-end journeys and meeting people's different travel needs/demands.

3.29. Direction has been given by the Mayor, Leaders and Transport Committee members to prioritise investment in expanding the reach of the bus network and establishing new connections at all times of day, as well as improvement to the frequency of existing services. It has also been agreed to continue the development of the longer term 'aspirational' bus network as part of the development of the West Yorkshire Local Transport Plan, to ensure coordination with other modes and full alignment with the region's needs.

3.30. A long list of potential service improvements is currently in development and being prioritized before being packaged into a funded, three-year Bus Network Plan, which will be presented for approval and subsequent procurement early in 2023 so they can be operational from April onwards.

3.31. Constrained fare revenue, uncertainty on funding, workforce challenges and rising costs are all risks affecting the existing bus network. Bus patronage and

fare revenues have not returned to pre-pandemic levels and inflationary pressures are driving up the cost of bus operations. In August 2022, government announced an extension to pandemic-funding support through to March 2023. This prevented extensive service withdrawls in October 2022, however, this remains a concern when funding ends in April. The Combined Authority's costs in supporting the network are also challenged by increasing costs and constrained fares revenue and this will be a significant consideration in setting a budget for 2023/24.

3.32. These ongoing challenges will continue to be considered alongside development of plans for BSIP-funded network improvements in order to maximise the efficiency of Combined Authority in supporting our ambitions for the network and protection of the existing customer offer.

4. Key Themes

4.1. This section discusses the challenges across five key themes. These themes are central to bus in West Yorkshire and are reflected in our Bus Service Improvement Plan, demonstrating policy ambition for bus in the Region. Each key theme outlines the challenges and issues and how these relate to bus in West Yorkshire.

4.2. The key themes are:

- Travel trends and promoting bus
- Customer service and confidence
- Financial sustainability
- Connectivitiy and modal integration
- Environmental performance – carbon reduction and air quality

4.3. These key themes are acknowledged alongside the BSIP Strategic Themes:

- A safe and inclusive bus system
- Better connected communities
- Decarbonisation and integrated, sustainable travel

5. Travel Trends and Promoting Bus

5.1. Overview

5.1.1. The bus is currently the most widely used form of public transport in West Yorkshire, accounting for 6% of modal share across the Region. This is despite the wider context surrounding bus patronage showing a trend of long-term decline.

5.1.2. Covid had a significant impact on bus patronage and this has still not fully recovered to pre-pandemic levels, with evidence suggesting that travel patterns may have permanently changed. Currently bus patronage (and therefore revenue) is at around 80% of pre-pandemic demand.

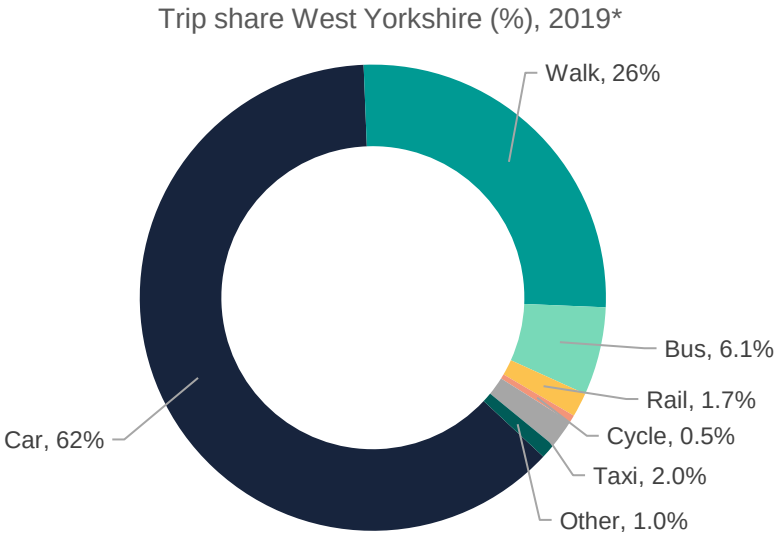
5.1.3. Promoting bus use is a key commitment within the West Yorkshire Transport Strategy 2040, Bus Service Improvement Plan and Connectivity Infrastructure Plan for means of getting people to work and leisure opportunities across the Region and for promoting inclusive growth.

Modal share and commuting

5.1.4. Mode share statistics, seen in Figure 16 below, show the distribution across all journeys in West Yorkshire. This demonstrates that whilst bus is the most widely used form of public transport in the region, the car is the dominant mode across all journeys accounting for 62% of trips by West Yorkshire residents between 2017-19[6].

[6] National Travel Survey (Bespoke) 3 year rolling average

Figure 16 - Trip share in West Yorkshire (2017-19)



5.1.5. While most commuting trips (90%) are wholly within West Yorkshire, the level of commuting between districts is significant and a fifth of residents travel to a work destination outside their home district. Links to the wider City Region are also important, and towns and cities such as Harrogate, Skiption and York also have strong commuter flows to West Yorkshire.

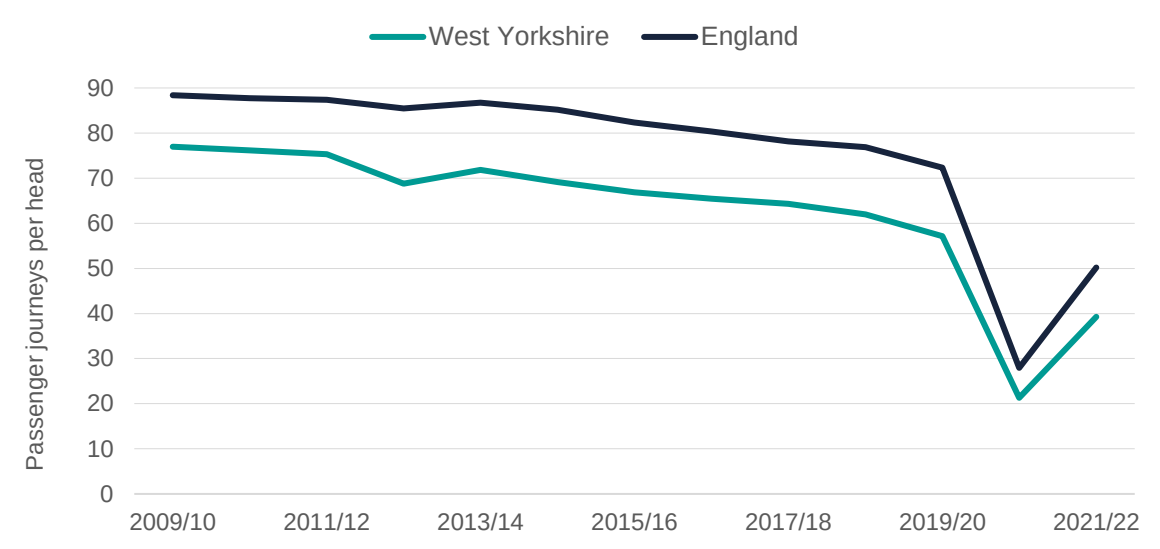
5.2. <u>Bus Patronage Trends</u>

5.2.1. The number of annual bus journeys in the region is on a long-term downtrend, falling from approximately 150 million in 2016/17 to around 133 million in 2019/20, with a dramatic decline to 50 million in 2020/21 due to the Covid-19 pandemic amid travel restrictions and closure of non-essential services.

5.2.2. While this decline reflects national trends West Yorkshire has also experienced a higher than the national average fall in trips per person (see Figure 17), as well as lower passenger journey per heads in comparison to other Combined Authority areas (see Figure 18).

5.2.3. Despite West Yorkshire still underperforming against the national average, there is evidence of partial recovery, with patronage increasing to 39.3 passenger journeys per head of population in 2021/22.

Figure 17 - Passenger jouneys per head of population, West Yorkshire and England

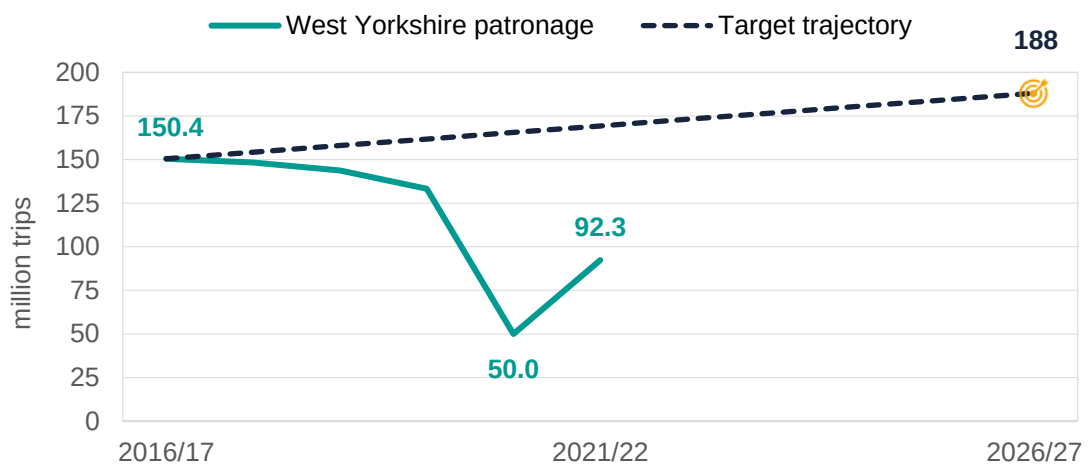


Source: DfT Bus Statistics, Table BUS01f

Figure 18 - Bus trips per person compared to the national average (2019)

5.2.4. As such, although there is evidence of partial recovery as evidenced in the 2021/22 figures, bus patronage still looks set to fall significantly short of local targets such as that set in the West Yorkshire Bus Strategy (2017) which aimed for a 25% growth in regional bus patronage by 2027. Figure 19 demonstrates this, showing a pre-pandemic decline of 12% when compared to the 2016/17 baseline.

Figure 19 - West Yorkshire bus patronage growth – actual against targets



Source: DfT Bus Statistics, Table BUS01f

5.2.5. These trends have been compounded by the impact of the Covid-19 pandemic. Department for Transport data shows that during the first national lockdown, bus passenger numbers across the country fell to a low of approximately 10% of those before the pandemic. Average usage in 2021 was just below 60% of pre-pandemic levels, with a maximum of around 80% in December of 2021[7], when the Omicron variant led to new restrictions and changes in people's behaviours. National figures up to December 2022 (shown below in figure 20) show that, whereas private car usage has recovered susbstantially, showing an average use of around 90% of pre-pandemic levels during most of the second half of 2021, bus recovery is proceeding much slower.

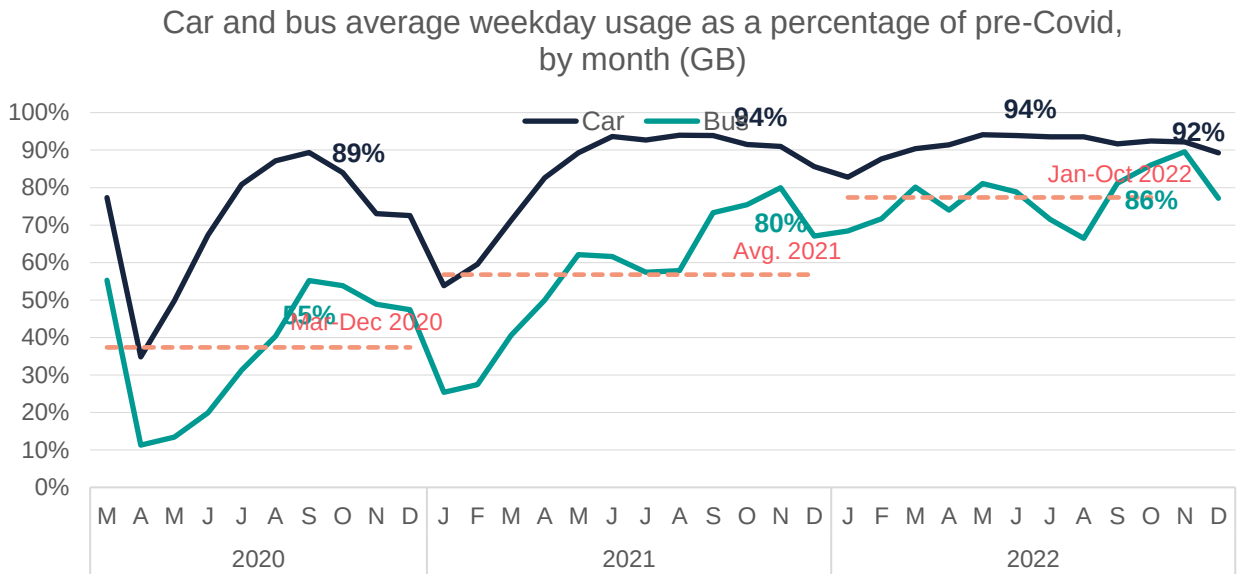
5.2.6. Local data, from Mcard ticket machine data and Leeds rail station footfall, indicates that from the outset of the pandemic, public transport and car usage have followed similar trends to those observed nationally. Additionally, the West Yorkshire Annual Public Perceptions of Transport Survey (2022-23) indicates that some of the passengers who have returned to bus are reducing their bus use from that of a regular bus user to that of an occasional bus user.

5.2.7. The West Yorkshire Behaviour Change research demonstrated that Covid had a mixed impact on bus use, with 67% reporting no difference in bus use,

[7] DfT, Transport use during the coronavirus (COVID-19) pandemic https://www.gov.uk/government/statistics/transport-use-during-the-coronavirus-covid-19-pandemic

15% reporting using buses a lot less or a little less than pre-covid and 7% reporting that they use buses a little more and a lot more prior to the pandemic[8].

Figure 20 - Weekday bus and car usage GB, as a percentage of pre-Covid (monthly average)



Future forecasts and supporting policies

5.2.8. Despite the challenges facing bus patronage and the bus system longer-term, future forecasts suggest bus will continue to be required to play an important role in the region's travel networks even as population changes, new technologies, changing working cultures and other socio-economic factors reshape our transport needs.

5.2.9. The Connectivity Infrastructure Plan recognises the role of the bus in providing a viable transport option for radial and local journeys, supporting the ambition within the Bus Service Improvement Plan to ensure bus is a key mode of transport for the Region.

5.2.10. The opportunities for bus are also demonstrated in the Combined Authority's 'Strategic Bus Network Review' (2020) which identified areas for growth in bus demand over the next 15 years in district in each district area. Table 13,

[8] West Yorkshire Combined Authority, Bus Behaviour Change Primary Research Results, March 2023

below, provides a summary of the outputs, including the stated opportunities for growth by 2033.

5.2.11. Overall, the study highlighted that there is opportunity grow demand and the number of bus trips across the region if appropriate number of buses are provided and other new interventions are made.

Table 5: District summaries – West Yorkshire Strategic Bus Nework Review, 2020

District	2018 Position	2033 Position	Notes
Bradford	32m annual trips by bus	Up to 37m annual trips by bus	35% increase in buses operating to support 2033 levels of bus trips. It is possible that investment would bring social benefits and deliver a self-sufficient bus network. Also need to integrate wider measures such as car parking policies
Calderdale	28.6m annual trips by bus 65% of address are within 400m of s stop on the Core Network	Up to 31.7m annual trips by bus	20% increase in buses required but could result in some financial challenges. Look at providing dedicated service to growth areas (Halifax to Illingworth, Halifax to Bradford and Halifax to Huddersfield) and reduce need to interchange in Halifax.
Kirklees	60% of address are within 400m of a bus stop on the Core Network	No interventions could see demand increase by 8%,	11% more buses required to maintain existing service level in 2033. Future improvements do not deliver significant demand increases but deliver key connections to development sites which support future financial stability of the network.

Leeds	62.5m annual trips by bus 79% of address are within 400m of a bus stop on the Core Network	Up to 74m annual trips by bus	Greatest immediate opportunity is to tackle congestion and provide effective bus priority to support improved journey times and reliability.
Wakefield	61% of addresses in are within 400 m of a bus stop on the Core Network,	Demand increase by 24% with no intervention and up to 5m trips	Challenging financial sustainability of Wakefield bus network. There is a high social value of the bus offer. To maintain existing levels of travel by bus in 2033 needs 7% more buses which would jeopardises the bus offer. Improving frequencies and providing links to growth areas and investing in bus priority could support 5m trips but require 70 buses by 2033.

5.2.12. Furthermore, sub-national policy and research demonstrates the importance of bus in the future modal mix. Transport for the North's 'Future Travel Scenarios' show demand for bus and other modes of shared mobility growing in all but one of their potential predictions for what the North of England will look like by 2050.

5.2.13. The Future Travel Scenarios suggest that even if some of the trends accelerated by the COVID 19 pandemic – such as the digitalisation of work and less concentration of jobs in urban city centres – continue, there will still be an uptake in demand for bus and other shared mobility services. If further concerted action is taken to tackle climate change and / or economic inequality between communities, demand will increase further still.

5.3. Summary

5.3.1. This section has shown that despite a long-term decline in patronage, the bus is central to public transport provision across West Yorkshire, accounting for

the highest modal share of all public transport modes. Patronage decline suggests that the way the current bus network is organized is not attractive to passengers and is in need of reform to achieve the ambitions set out across various national and local transport policies.

6. Customer Service & Confidence

6.1. Overview

6.1.1. Delivering a high standard of service that passengers are confident to use is central to our Bus Service Improvement Plan, improving connections between communities and providing a safe and inclusive bus system. Customer satisfaction has fluctuated over the previous few years, with affordability and Value for Money of bus services being flagged as key issues.

Punctuality and reliability

6.1.2. Poor punctuality and reliability of services across the region is key challenge facing the local bus system and impacts on customer satisfaction. Our analysis of local real time information confirms that buses across the region have consistently underperformed against targets. Traffic congestion is a significant factor in bus reliability, together with operational resilience.

6.1.3. Across West Yorkshire districts there is variability in the standard and design of bus priority measures and enforcement. This leads to variability in the quality of the bus offer and the offer to operators on journey times. The lack of consistent approach to bus priority leads to differences in bus reliability and punctuality across districts.

6.1.4. A lack of consistent highway policy across West Yorkshire has resulted in patchy bus priority measures and differing parking measures and enforcements. There needs to be better understanding of demand management, enforcement and parking measures across the region to develop a consistent approach towards easing congestion and making bus services more attractive.

6.1.5. One of the key policies in West Yorkshire's BSIP is an increase in bus priority measures, with a pipeline of over 50 initial bus priority infrastructure projects developed alongside a package of enforcement measures to improve the effectiveness of existing bus priority. Bus priority schemes are vital to enabling improved journey times, punctuality and reliability, but in order to achieve these targets the Combined Authority requires further investment and funding.

6.1.6. The importance of congestion to customers is clear in the Annual Public Perceptions of Transport Survey 2022-23 which ranks it with an importance score on 8.0 (out of 10), with satisfaction of levels of congestion only ranking 5.0 (out of 10)[9]. Congestion has the ability to delay and slow journeys, which in turn impacts on satisfaction, with 19% of people reporting they were dissatisfied bus punctuality in the latest survey[9].

6.1.7. This is supported by the 2019 Transport Focus Bus User Survey, which showed that 19% of West Yorkshire respondents were dissatisfied with punctuality, with 15% dissatisfied with their wait time.

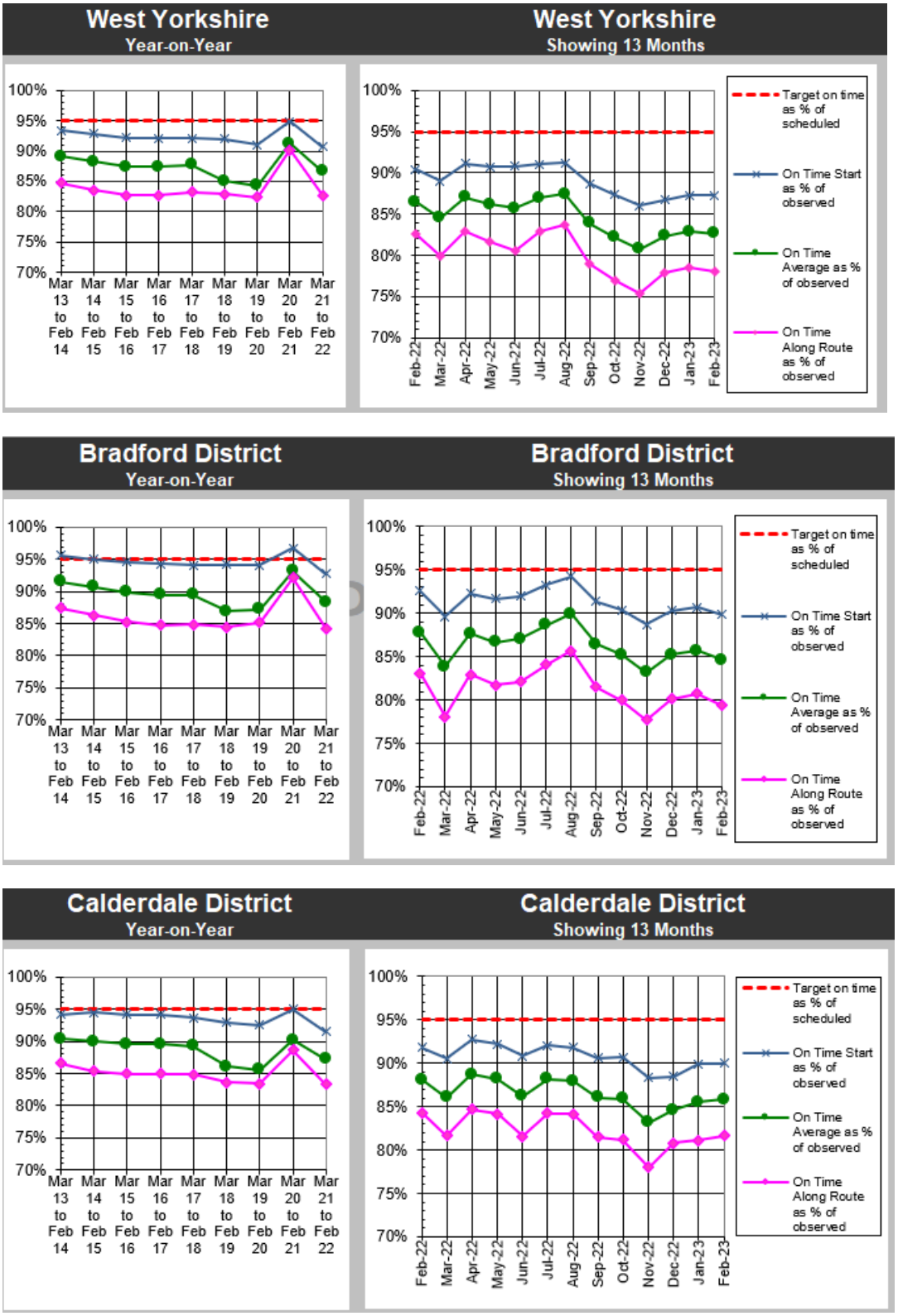
6.1.8. Research undertaken in January 2023 also demonstrates that convience and time taken to travel is barrier to bus use within West Yorkshire with 26% of respondents saying that service is not reliable and 18% it is more convenient or faster to use other transport[10].

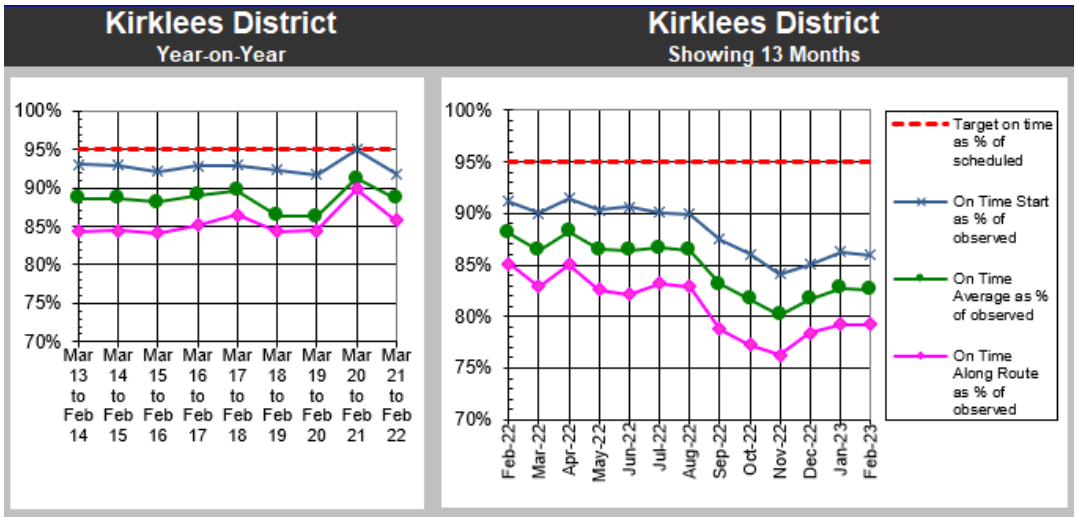
6.1.9. The following charts, see Figure 21, contain annual punctuality measures from 2013/14 to 2021/22 for West Yorkshire, and monthly for the year 2021/22, based on real-time information data.

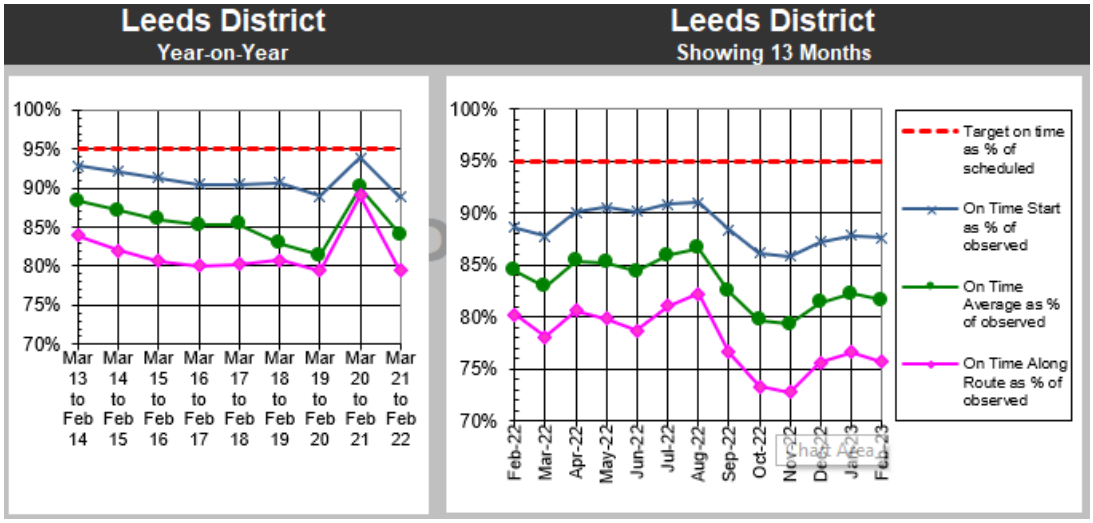
6.1.10. For West Yorkshire, the trend remained at a fairly constant level across several years, with a notable performance improvement in 2020/21. This suggests that while transport usage was low due to the Covid-19 pandemic, and while highway congestion was minimised, buses were able to run with little disruption and reached their performance target. Performance decreased again in 2021/22, which may indicate that as transport usage has increased post-covid, similar issues are being encountered leading to bus delays.

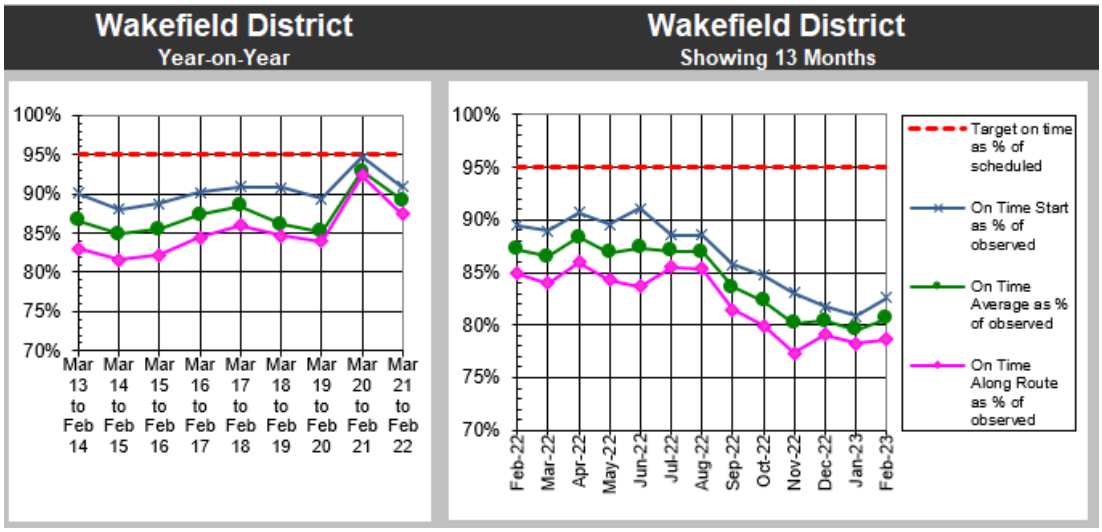
[9] West Yorkshire Combined Authority, Public Perceptions of Transport Survey 2022-23
[10] West Yorkshire Combined Authority, Bus Behaviour Change Primary Research Results, March 2023

Figure 21 - Bus punctuality measures across West Yorkshire, 2013-2022









6.1.11. The importance of bus priority is recognized in existing policy in West Yorkshire. A key headline target of West Yorkshire's BSIP is to increase in bus priority measures, with a pipeline of over 50 initial bus priority

infrastructure projects developed alongside a package of enforcement measures to improve the effectiveness of existing bus priority.

6.1.12. Whilst it is recognised that bus priority schemes are vital to enabling improved journey times, punctuality and reliability, the challenge to achieving these targers is ensuring that the Combined Authority to has sufficient funding in place to deliver against targets alongside other priorities.

Satisfaction with bus aspects

6.1.13. Customer satisfaction levels have varied over recent years but collectively show a significant proportion of passengers are less than satisfied with local buses across a range of different service areas.

6.1.14. Satisfaction amongst users, according to the Bus Passenger Survey run by Transport Focus until 2019, remained consistent overall between the two most recent years. Punctuality was the most frequently recommended area for improvement amongst respondents who chose to identify one.

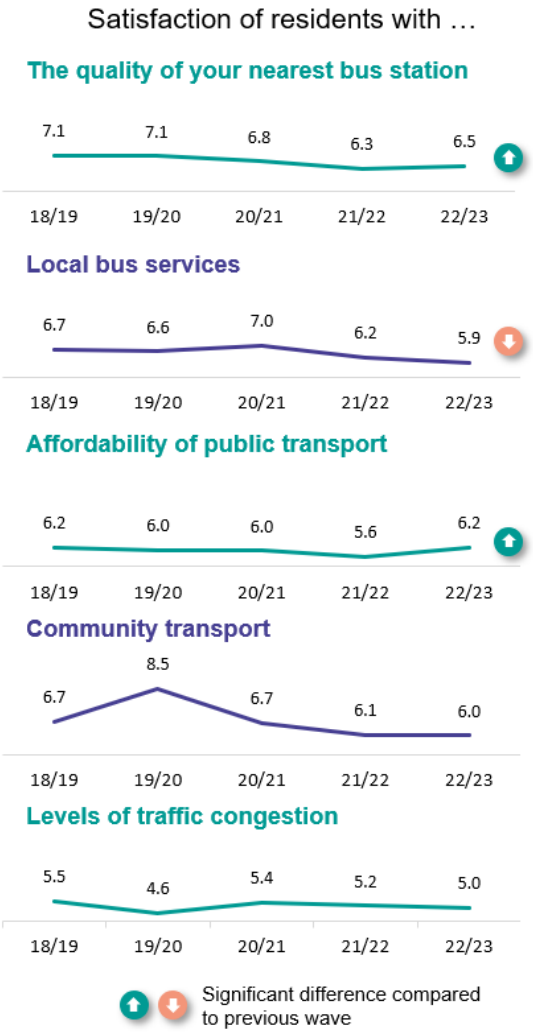
Table 6: Bus user satisfaction with bus aspects (percentage satisdied or very satisfied)

Area	2018	2019	Change
Overall journey	85%	85%	-
Journey time	82%	82%	-
Punctuality	72%	70%	-2 pp
Value for money	61%	62%	+1 pp
Bus driver greeting/welcome	71%	71%	-
Interior cleanliness and condition	76%	73%	-3 pp
Availability of seating or space to stand	84%	85%	+1 pp

6.1.15. Similar trends were reflected in the West Yorkshire Public Perceptions of Transport Survey (2022-23) which showed falling satisfaction with key public transport areas, and in particular bus elements. In the latest survey, the overall score for satisfaction with local bus services fell to 5.9 (out of 10), the lowest levels in the last 5 years[9].This was after a rise in satisfaction in the previous year which could be associated with reduced congestion during the pandemic, decreasing issues such as punctuality and reliability.

6.1.16. Figure 22 shows that levels of congestion and affordability of public transport consistently have the lowest satisfaction scores. Satisfaction scores across bus aspects follow a consistent pattern, with satisfaction scores indicators rising or falling in line with each other.

Figure 22 -West Yorkshire satisfaction with bus 2019-19 to 2022-23 (score of 1-10)



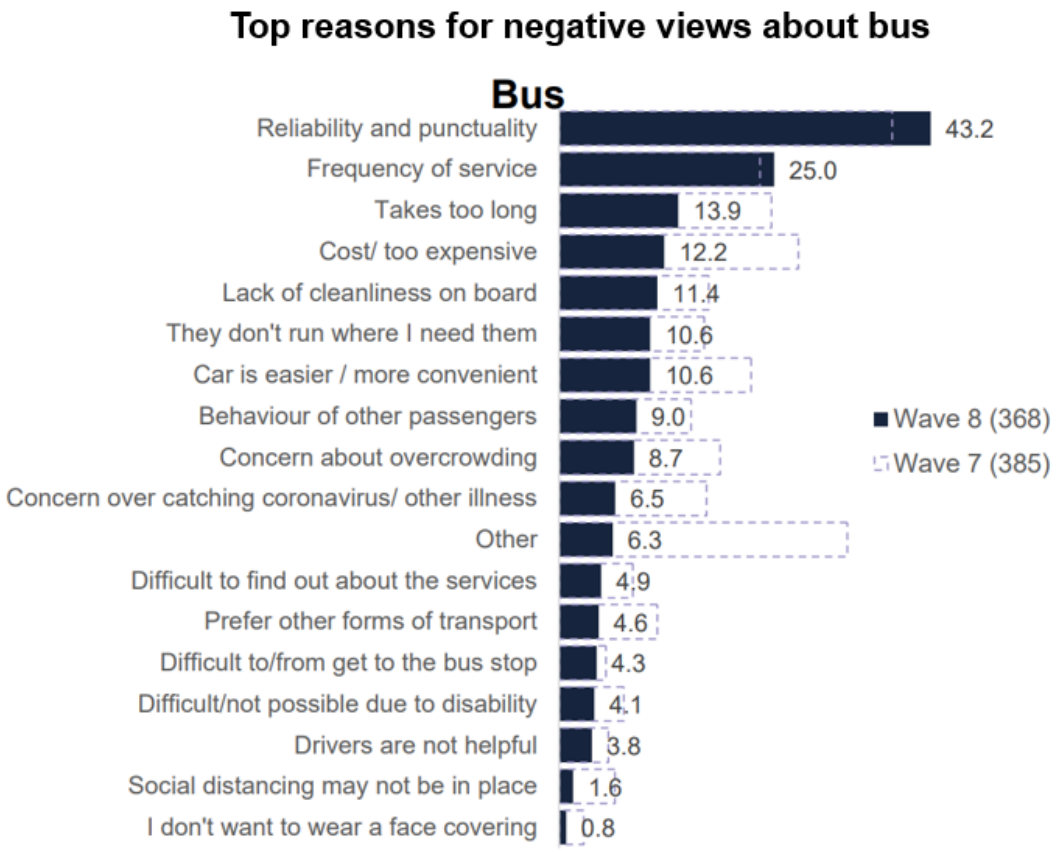
Base: *B1 all respondents (n=1,808)*

6.1.17. Findings from the previous years Annual Public Perecptions of Transport Survey (2020/21) highlighted that (other than COVID-19) convenience (42%) and availability of service (13%) as some of the main reasons for non-users not to travel more often by bus.

6.1.18. Findings from the West Yorkshire COVID-19 Transport Recovery Survey series show that of those respondents who had negative views about using

the bus, 43% said reliability and punctuality was the main reason, whilst 25% cited service frequency[11]. This suggests that having a more frequent service offering, combined with a more comprehensive network could encourage more people to travel by bus and is demonstrated through the figure below.

Figure 23 - Results from the COVID-19 Transport Recovery Survey Series showing the top reasons for negative views about bus



Base: *Respondents who felt quite or very negatively about the mode. Base shown in brackets from the whole sample of 1,000.*

<u>Mayor's Big Bus Chat</u>

6.1.19. The Combined Authority ran a public engagement with the people of West Yorkshire in summer 2022 to better understand the current attitudes of local residents towards bus services and whether the proposals set out within the BSIP were appropriately responding to these views.

6.1.20. The engagement included a survey that was centered around BSIP themes and questions were formulated on travel habits; general views on buses; the

[11] West Yorkshire COVID-19 Transport Recovery Survey Series (2020-2022)

local bus network; bus fares and tickets; customer service; support and safety (including accessibility); environmentally friendly travel; congestion and bus priority.

6.1.21. The survey received 1799 responses from the public, with feedback being analysed and collated into a report on findings that will be used to inform revisions of the BSIP and the EP.

6.1.22. Some key findings from the survey include:

- The most common reasons non-bus users do not travel by bus were lengthy journey times (55%), infrequent services (51%), inconvenient routes (50%), and cost of travel (45%).
- Over half of respondents (54%) said they were not satisfied with their local bus service.
- Only 5% of respondents said local bus services had improved over the last 12 months, with 57% disagreeing with this statement.
- Over half (58%) of respondents disagreed that their bus arrives on time.
- 54% of respondents disagreed that services allowed them to travel where they needed to go and 59% disagreed that their local services were frequent enough to be convenient for travel.

6.1.23. The feedback suggests that there is broad disatifaction among passengers with the standard of bus service provision in West Yorkshire, and the limited funding allocated to realizing the ambitions of the BSIP means that this money alone is unlikely to be able to advance buses to the degree to which the people of West Yorkshire expect and deserve.

<u>West Yorkshire Bus Behaviour Change survey</u>

6.1.24 West Yorkshire Combined Authority is building a behaviour change programme to support more people to travel by public transport and realise the full benefits of the investments in the local bus and wider sustainable transport networks.

6.1.25 In June 2022, Beyond Logic produced a desk research report collating and examining existing data to show bus trends and how to stimulate more people to switch to buses.

6.1.26 **The overall aims of the primary research are to:**

- Provide up to date information about attitudes and behaviours regarding using buses
- Understand key barriers and motivations to bus travel
- Identify potential behaviour change initiatives to encourage more people in West Yorkshire to travel by bus more frequently.

6.1.27. Some of the key content from this report is below exploring barriers to bus use suggesting speed, reliability, frequency, safety and information are key concerns.

Figure 24 - Top 10 barriers in ranked order

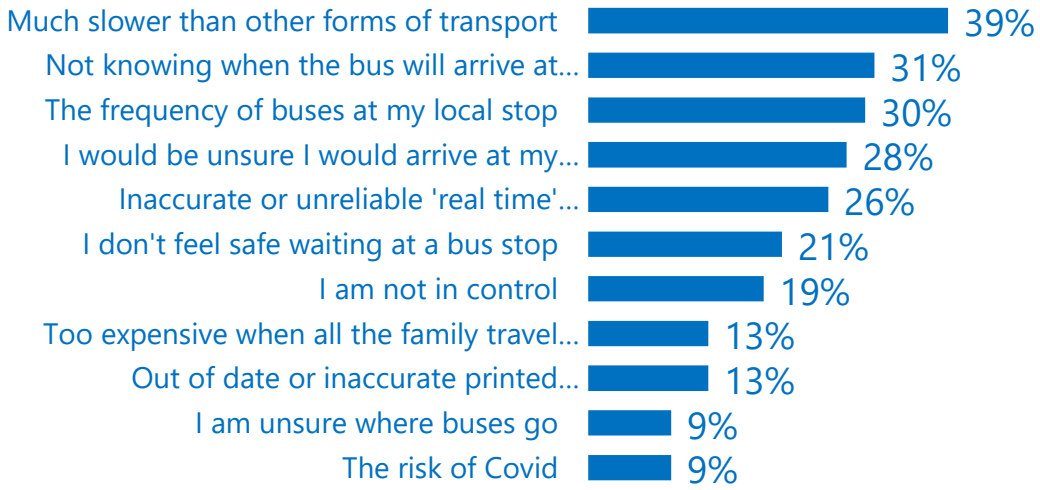
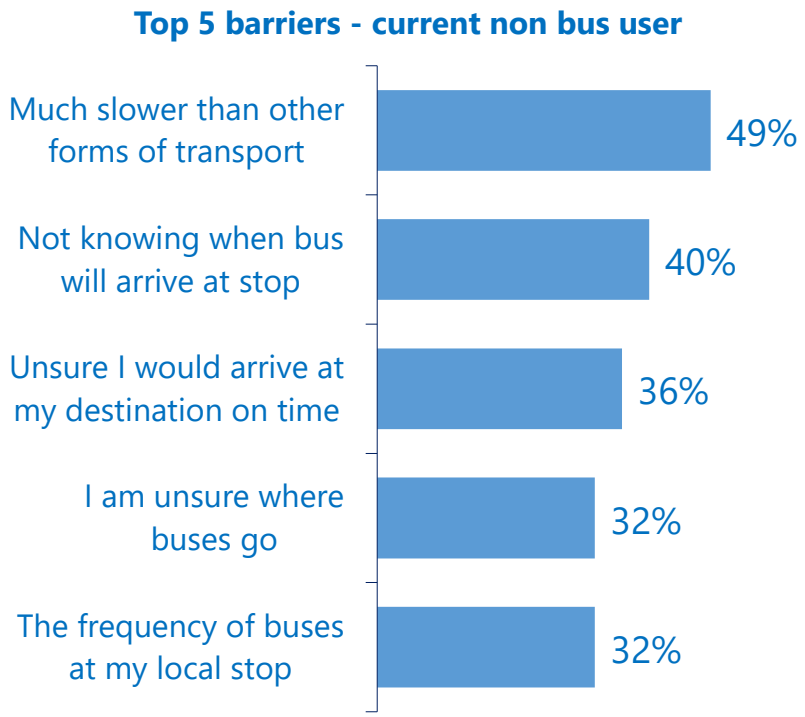


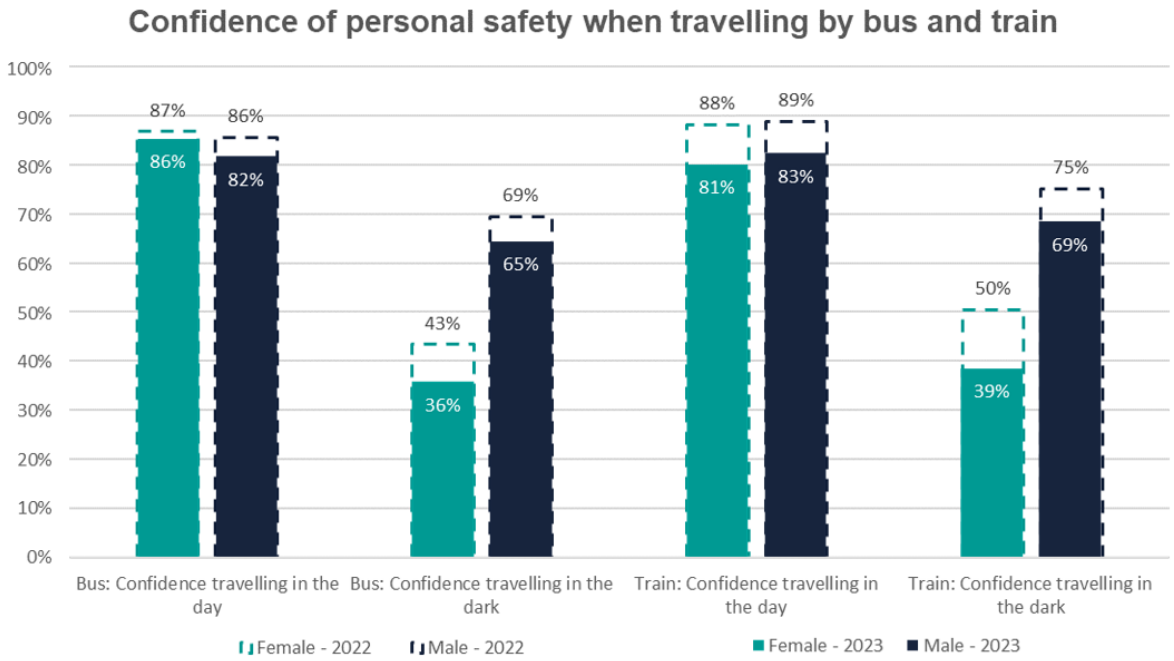
Figure 25 - Top 5 barriers for current non bus users



6.2. Safety

6.2.1. Safety and inclusivity of the bus system is a key theme within our BSIP. The latest Annual Public Perceptions of Transport Survey reveals that 84% of respondents reported being very confident or fairly confident about personal safety using a bus during the day, but this falls to 49% after dark. There is also a stark gender difference in confidence with travel during the dark, demonstrated by Figure 26 below, with only 36% of females on bus felt confident in their personal safety compared to 65% of males. This highlights safety of women and girls as a key concern of bus passengers. Other groups with low levels of confidence in personal safety using the bus during the dark were those aged over 65 years of age (41% felt confident), people who use the bus less than once a year (36% felt confident) and people who reported a long-term health problem or were disabled (29% felt confident).

Figure 26 - Confidence in personal safety when travelling by bus or train



6.2.2. To better understand feelings of safety on the bus network, a Bus Safety Feedback Tool was launched to allow passengers to tell us what types of things are making them feel unsafe and where and when that is happening. It is hoped that feedback from this tool will better inform the Combined Authority of instances so that, working in partnership with police and bus network partners, bus services can be improved.

6.2.3. In addition, safety was flagged by 21% of respondents in the Bus Behaviour Change survey indicating that respondents did not feel safe waiting at a bus stop[12].

6.3. Value for Money

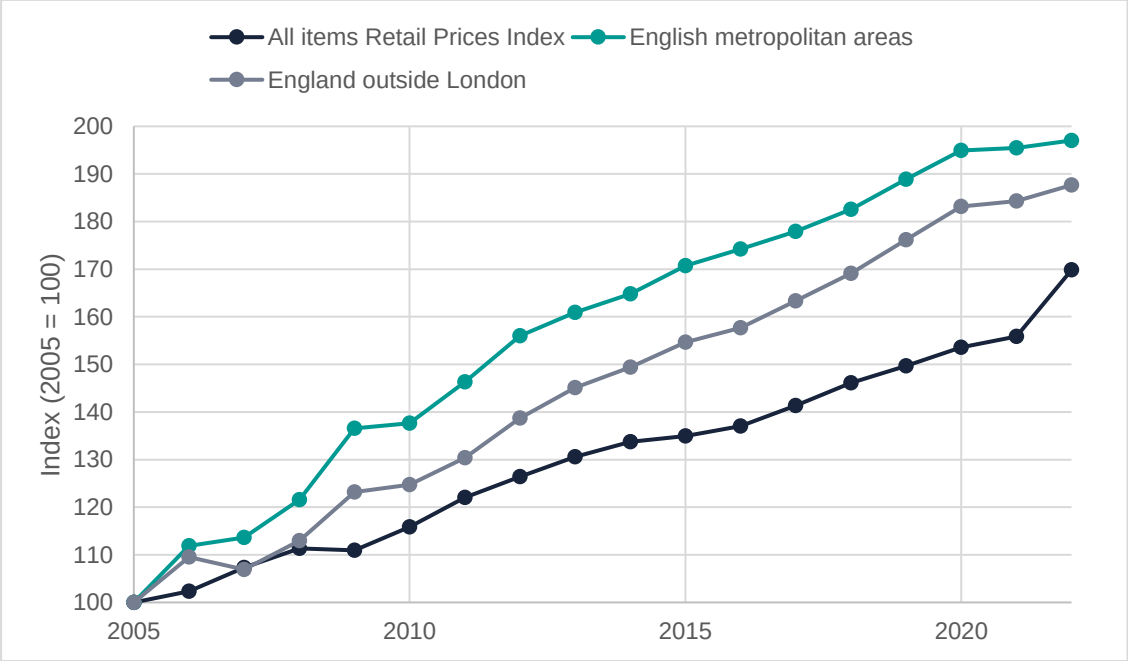
6.3.1. In England (excluding London), after adjusting for inflation, bus fares have increased by nearly 50% over the past 20 years, after adjusting for inflation[13]. Research by Urban Transport Group shows that the increase in fares seen nationally in recent years is also greater than the rise in general living costs and the costs of car ownership and use[14]. This is demonstrated by the cost of

[12] West Yorkshire Combined Authority, Bus Behaviour Change Primary Research Results, March 2023
[13] DfT Bus Statistics, BUS04di
[14] What scope for boosting bus use? An analysis of the intrinsic bus potential of local authority areas in England. Urban Transport Group (2019).

bus travel rising by 87.13% over the past 10 years to mid 2022[15], with motoring only rising 37.15% in the same time frame. The rising cost of bus travel may therefore may have become a barrier to bus use for some.

6.3.2. This means bus travel is becoming more expensive and may be unaffordable for many. Our own passenger research from before the pandemic shows nearly one in six respondents highlighted cost as the reason they do not use buses more often[16]. The most recent West Yorkshire Annual Public Perceptions of Transport Survey found that residents ranked the importance of the affordability of public transport as 8.2, with a mean average rating for satisfaction of 6.2; a return to pre-pandemic levels[17]. This suggests that affordability of bus fares is very important to customers and that, currently, customers are not satisfied with value for money.

Figure 27 - Local bus fare index (at current prices) [18]



6.3.3. Furthermore, research from Transport Focus shows passengers are less satisfied with the value for money of bus travel in West Yorkshire than in any other major urban region in the country, as shown in Table 9 below[19].

[15] RAC Foundation "Transport Cost Index", 2023, Cost of motoring against costs of public transport (racfoundation.org)
[16] West Yorkshire Combined Authority, Customers Perceptions of Transport Survey, March 2021
[17] West Yorkshire Combined Authority, Customers Perceptions of Transport Survey, June 2023
[18] Not adjusted for inflation
[19] Transport Focus - Bus Passenger Survey Autumn 2019 - Summary of key results in England

Table 7 – Satisfaction with value for money of bus fares by local authority area (Transport Focus, 2019)

Local authority area	Satisfaction with value for money (% very / fairly satisfied)
West Yorkshire	62
Greater Manchester	62
Mersey	73
Nottingham City	77
South Yorkshire	71
Tees Valley	67
Tyne and Wear	64
West Midlands	66
West of England	50
Bournemouth and Poole	73

6.3.4. Moreover, 24% of West Yorkshire residents are reported being either not very confident or not at all confident about purchasing the best value bus ticket for their journey[20]. For regular and occasional bus user this figure falls to 10% and 14% respectively, whilst in contrast 43% of people who use the bus less than once a year or never reported being either not very confident or not at all confident about purchasing the best value bus ticket. It should be noted that there was higher confidence in the purchase of best value rail tickets, even though it is acknowledged by Government that rail fares and ticketing is in need of reform to make it simpler and more transparent and increase customers' confidence that they are getting the best fare for their journeys.

6.3.5. The Bus Behaviour Change survey indicates that 13% of respondents felt the bus was too expensive when all the family travel together, suggesting value for money of tickets is a barrier to bus travel for groups travelling together[21].

6.3.6. The ability to purchase best value tickets may be related to the historically complex ticketing offer with over 50 choices of ticket options open to customers travelling on the three major bus operators' services. The pricing structures and costs differ between operators' own products and the multi-operator West Yorkshire-wide 'MCard' products. Lack of clarity around the most suitable ticket may therefore be a barrier to bus travel, with those having less confidence around fares and ticketing being less likely to choose the bus.

[20] West Yorkshire Combined Authority, Annual Public Perceptions Survey 2022-23
[21] West Yorkshire Combined Authority, Bus Behaviour Change Primary Research Results, March 2023

6.3.7. However, the introduction of Mayor's Fares may have altered this, with a maximum £2 single fare and £4.50 day ticket. An evaluation of the impact of Mayor's Fares is after 3 months shows that customers had completed 7.2 million journeys and have saved a total of £3.6 million compared to what they would have paid without the initiative.

6.3.8. Positively, the introduction of the 'Mayor's Fares' in September 2022 (and the national £2 single fare cap) may have made journeys more affordable. This is reflected in national data showing a decline in change of cost of bus and coach fares to 56.8% in early 2023 (compared to 86.13% in mid 2022)[22].

Differing customer travel demands and the Covid-19 pandemic

6.3.9. During the Covid-19 pandemic bus patronage was down across the board, with the difference in levels of bus use between different passenger cohorts highlighting the variation between people in terms of why they travel and the importance of bus to fulfilling these journeys.

6.3.10. Figure 28 demonstrates weekday average passenger volumes across different passenger types in West Yorkshire and how this differed between March 2020 and April 2021.

6.3.11. Figure 28 demonstrates that throughout the first year of the pandemic, disabled and companion passengers consistently used the bus at levels highest relevant to their previous usage - bar from when under 19s use overtook them as they returned to education in the Autumn / Winter 2020 school term – which suggests this group are particularly reliant on bus for their essential travel needs.

6.3.12. There was greatest variation in under 19s, showing a strong correlation between schools opening and closing and highlighting a strong reliance by this cohort on bus to facilitate travel to school. The Under 26/Student market was consistently one of the lowest performers in terms of use relevant to their previous baseline, never returning to above 40%.

6.3.13. Adults - who largely pay full fares and provide a critical revenue stream for operators - dropped to a low of 25%, rose through spring and summer to a

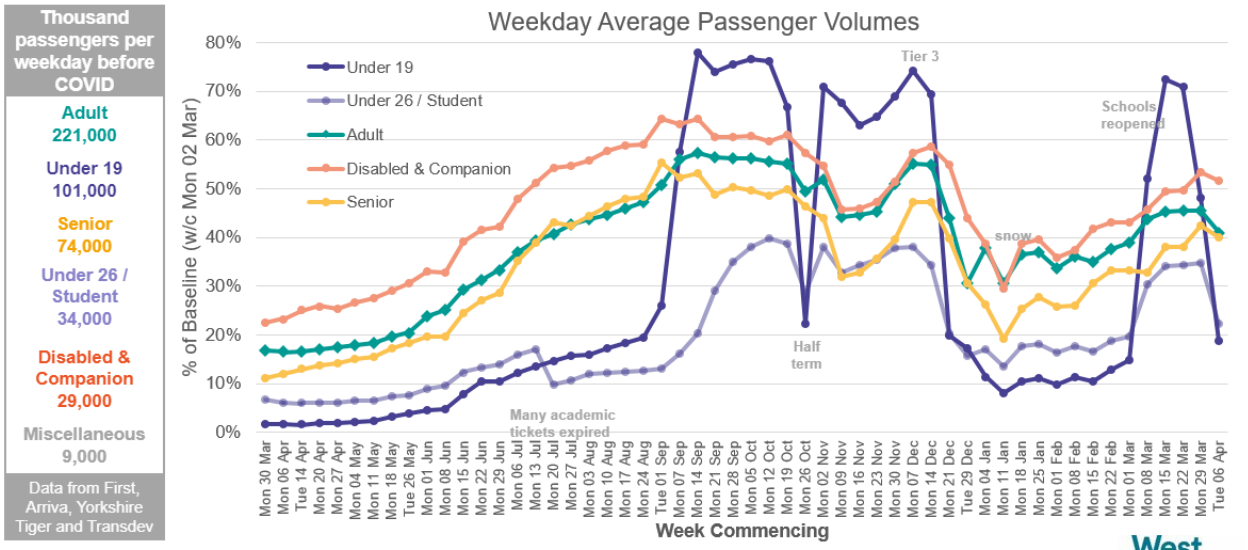
[22] RAC Foundation "Transport Cost Index", 2023, Cost of motoring against costs of public transport (racfoundation.org)

high of around 55%, but then plateaued. The plateauing at this time suggests that simply easing restrictions was not enough to recover previous demand and patronage levels – a large proportion of the adult fare paying market did not return despite less stringent travel restrictions, perhaps because of changed travel needs and apprehension about the safety of bus use.

6.3.14. The West Yorkshire Bus Behaviour Change survey indicates that covid had a mixed impact on bus use, with 67% of respondents indicating it made no difference to bus habits, whilst 15% use the bus a lot less or a little less now than before the pandemic[23].

6.3.15. Overall, this shows the fragmented nature of the bus market currently and that the impact of the Covid-19 pandemic has not been universal for all passengers. Different user types have seen their travel patterns and behaviours impacted differently and influenced by different events over the course of the pandemic. Bus recovery will require more than a one-size-fits-all approach.

Figure 28 - Weekday average passenger volumes[24]



Baseline period is w/c Mon 02 Mar. Source: Bus operators electronic ticket machine data, passenger boarding locations in West Yorkshire. First, Arriva, Yorkshire Tiger and Transdev account for over 90% of bus services in West Yorkshire. Graph shows First and Transdev data. Data is for weekdays excluding bank holidays, with ticket types assigned to broad cohorts.

West Yorkshire Combined Authority

6.4. Summary

[23] West Yorkshire Combined Authority, Bus Behaviour Change Primary Research Results, March 2023

[24] *Source: https://www.westyorks-ca.gov.uk/media/5990/fortnightly-economic-transport-report-16-04-2021.pdf*

6.4.1. Since deregulation, bus operators have assessed the commercial viability of services on a route and journey-by-journey basis. Whilst operators do use profits from their most profitable routes to support the running of less profitable routes, they have to provide a return to shareholders, so the combined margin across all routes has to be positive, making the development of a comprehensive and commercial level of network coverage unlikely from a deregulated market.

6.4.2. Without a bus service that responds to customer needs, patronage will continue to decline, and the financial viability of services will be questioned. This section has sought to show how there are varying levels of satisfaction and that there is a lot of scope to improve and respond better to customer needs in order to drive bus use.

7. Financial Sustainability

7.1. Overview

7.1.1. The long-term financial stability and viability of the existing bus market is under threat with the commerciality of existing routes being regularly reviewed by operators, a situation that has only been amplified by the effects of the COVID-19 pandemic. This has resulted in an increase in at-risk services and financial contributions from Government and the Combined Authority's tendered budget to both aid post-covid recovery and support the existing bus network.

7.2. Current market

7.2.1. The West Yorkshire bus network is, in the main, delivered by three major commercial operators (Arriva, First and Transdev) that largely provide radial services into the major towns and cities in the region. Prior to the pandemic, they provided 85% of total bus miles on a commercial basis.

7.2.2. Pre-pandemic, the remaining 15% of bus miles (9.5m miles per annum) were operated under contract with the Combined Authority, referred to as tendered services, at a net cost of £17.5m per annum. Tendered services are those that the Combined Authority has been required to commission uncommercial but socially necessary services, as well as fund additional early morning, evening and weekend journeys on some routes which operate on a commercial basis at other times of the week when demand is higher.

7.2.3. It is estimated that 45% of the Combined Authority spending on supported bus services enables this extension of otherwise commercial routes, with only 38% of bus routes operating without any contracted journeys. Figure 7 discussed earlier in this document summarises the types of travel this budget supports.

7.2.4. Prior to the pandemic, operators were increasingly relying on the public sector to maintain services, and this has only been further amplified by a pandemic that has led to a slow recovery of bus patronage and changed travel patterns. Since April 2020, bus services have been financially supported by government grant and by LTAs including the Combined Authority maintaining payments at pre-pandemic rates despite the reduction in patronage.

7.2.5. Pre-pandemic spending on tendered services was around £7.1million per annum (2018/19) rising to £24.4million (2020/21), and since levelling out at £21.4million in 2021/22. High spending on tendered services is expected to remain an issue as we continue to emerge from the pandemic, with operators warning of potential service withdrawals due to commercial pressures caused by suppressed patronage (and therefore revenue) and rising operational costs.

7.2.6. Reduced farebox revenue, reliance on short-term public-sector financing, a diminishing workforce and rising fuel, labour and other costs have all impacted on the viability of commercial bus operatations. This has led to service reducations and withdrawls and issues with reliability and punctuality.

7.2.7. A joint analysis by operators and the CA revealed that 11% of West Yorkshire bus mileage was not economically viable[25]. Whilst the extension of funding postposed many planned service cuts, First and Arriva withdrew some services in early October.

7.2.8. The current government funding ends in March 2023. At the time of writing, government officials were advising that further funding is under consideration but were unable to advise on the timing and value of the funding. This uncertainty is leading many bus operators to consider further service withdrawls at the end of March 2023.

7.2.9. Bus service provision is key to economic recovery and the lack of any longer-term funding commitment from the government means that the reliability of future bus service provision remains volatile and unclear.

7.2.10. In the event that some or all of the bus service withdrawls occur, the Combined Authority has very limited financial scope to subsidise additional services without a stable funding package from government and/or partner councils.

7.2.11. The current uncertainty around government funding for bus services is impacting the confidence on bus operators to submit tenders for contracts with the Combined Authority to operate socially necessary bus services.

[25] Item 8 - Bus Network Sustainability.pdf (moderngov.co.uk)

National funding of bus

7.2.12. Since the pandemic, there has been increasing reliance on public sector support due to the slow recovery of bus patronage and the impact of changing travel patterns. Pre-pandemic spending on tendered services was around £7.1million per annum (2018/19) rising to £24.4million (2020/21), and since levelling out at £21.4million in 2021/22. This is expected to remain an issue, with operators warning of potential service withdrawals due to commercial pressures caused by suppressed patronage (and therefore revenue) and rising operational costs.

7.2.13. Since April 2020, Government has issued Bus Recovery Grant (BRG), emergency funding to bus operators and Local Transport Authorities, and continued to pay Bus Services Operators Grant (BSOG) at pre-pandemic rates. It was requested that Local Transport Authorities (LTAs) continue to make concessionary fare and tendered service payments to operators at pre-pandemic rates.

7.2.14. On 19 August 2022, Government announced that BRG continue until end March 2023. The CA was awarded £2,029,088 for the period April to October, £1,014,544 for the October to December period. The DfT indicated that funding was available for January to March 2023 but prioritised to areas where there is greatest need.

7.2.15. The current Government BRG funding is in place until July 2023, with a further extension announced in May 2023, with the potential for longer-term investment until 2025.

7.2.16. Government investment, announced in May 2023, will continue to support network recovery through some form of support for fares, services and infrastructure across LTAs and bus operators. At time of writing, allocations and impact are unknown, giving not set assurances in regard to maintaining the current network and therefore not removing further pressure on service cuts by operators.

7.2.17. The Combined Authority has historically provided funding for tendered services that are socially necessary or routes to extend services that would otherwise not run due to not being commercial. Pressures on the bus market and pandemic impacts have forced the need to fund more routes

from this budget as commercial operators have reviewed and withdrawn services.

7.2.18. The financial viability of the existing bus network creates potential risks and instability to the customer offering, with services already being impacted.

Funding Awards

7.2.19. In addition to the wider funding picture the Combined Authority are reliant on government funding to help aid investment in bus. Whilst positive, this shows the financial instability in the bus market affecting investment in assets and infrastructure.

7.2.20. Recent funding awards include:

- In April 2022, the Combined Authority was awarded an indicative revenue funding settlement of £69,974,070 by the Department for Transport to support the delivery of the BSIP.
- This and other funding awards - including the £1bn West Yorkshire Transport Fund, £830m City Regional Sustainable Transport Settlement, £56.2m Zero Emission Bus Regional Area (ZEBRA) funding - constitute a significant investment to support transformation of the local bus system and improved outcomes for passengers over the coming years.

Inflation and Cost of living crisis

7.2.21. In addition to the impact of the pandemic, the current high level of inflation and cost of living should be noted for context, impacting operator behaviour.

7.2.22. The high level of inflation is putting pressure on public funding and simultaneously increasing operational costs for operators.

7.2.23. As noted above, bus patronage in March 2023 was 84%[26] of pre-pandemic levels with a consequential effect on fare revenues. The cost of bus operations has been affected by wider economic impacts including rising fuel prices and increased labour costs due to workforce shortages.

[26] West Yorkshire Combined Authority Research & Intelligence Team "West Yorkshire Economic & Transport Insights Report", June 2023, PowerPoint Presentation (westyorks-ca.gov.uk)

7.2.24. A report to the July 2022 Combined Authority meeting revised the forecast expenditure and approved the transfer of £2.1m from the concessionary fare budget to accommodate increased spend arising from:

- Inflationary adjustment of contracts together with re procurement of contracts have resulted in increased costs of 8-10%.
- Commissioning several services in response to the withdrawal of commercial services.

7.2.25. A further virement of £992k from the concessionary fare budget was approved by the CA in September 2022 to meet the additional costs largely incurred due to the collapse of CT Plus and additional costs arising to provide home to school transport for the 2022/23 year.

7.2.26. Whilst the economic pressures continue, these pressures are containable for the remainder of the year (22/23) within the concessionary fares and tendered budgets, however beyond this the financial situation is unclear. This puts pressure on the tendered services budget going forward, with potential impacts on network, therefore running contrary to the aims of the BSIP.

7.2.27. Further information on inflation and the assumptions used within the wider Bus Reform Assessment can be found in section 4 of the financial case.

7.3. <u>Enabling an improved bus system in West Yorkshire</u>

7.3.1. West Yorkshire Bus Alliance provides a mechanism for further delivery of improvements to the local bus system.

7.3.2. Previously a Voluntary Partnership agreement, the achievements of the Alliance to date were set out in Chapter 1. However as of April 2022, members entered an Enhanced Partnership. This provides a stronger legal arrangement for joint efforts between operator, the Combined Authority and Districts to collaboratively improve the local bus system. It also means West Yorkshire is eligible for future Government funding support, as per requirements of the National Bus Strategy for England (2021).

7.3.3. The Enhanced Partnership Plan has been agreed and published. The current proposed supporting programme of Schemes to be agreed is set out in Table 12 below.

Table 8 – Proposed programme of Enhanced Partnership schemes

Publication date	Scheme	Objective
December 2022	Bus Service Improvement Plan	To contractualise the delivery of projects funded by BSIP.
June 2023	Bus infrastructure (LPTIP)	To expand the existing Bus Infrastructure Scheme to include commitments relating to improvements being delivered under the Leeds Public Transport Investment Programme (LPTIP) and the West Yorkshire Transport Fund (WYTF).
	Bus infrastructure (WYTF)	
	Fares and ticketing	To contractualise commitments and obligations relating to other aspects of bus service delivery, to support the ambitions set out in the BSIP
	Bus core network	
	Bus connecting network	
	Customer service & information	
	Air quality & decarbonisation	
	Communications & marketing	
March 2024	Bus infrastructure (TCF)	To expand the existing Bus Infrastructure scheme to include commitment relating to improvements being delivered under the Transforming Cities Fund (TCF) and City Region Sustainable Transport Settlement (CRSTS).
	Bus infrastructure (CRSTS)	

7.3.4. However, despite partnership working, the figures discussed within this document suggest that it has not been sufficient in being able to stop the long-term decline in bus patronage.

7.3.5. The pandemic has evidenced that revenue risk is not sitting with operators.

7.4. Summary

7.4.1. This section has sought to make evident that the financial viability of the bus market is under increasing pressure, resulting in operators reviewing the commercial success of routes and cutting those that are no longer viable. When viewed against the coexisting financial pressures on the Combined

Authority's tendered services budget, there is a clear need for further intervention to protect the network and customer offering.

7.4.2. Bus is fundamental to the public transport offer across West Yorkshire and the case for developing and maintaining strong bus networks is clear, therefore it is absolutely necessary to ensure that there is growing investment into assuring the markets long-term financial security.

8. Connectivity & Modal Integration

8.1. Overview

8.1.1. Connectivity is a key principle running across corporate priorities and wider transport policy, ensuring that West Yorkshire is well connected, and people can travel to where they need to go. As the most used public transport, the bus is key to this.

Service provision

8.1.2. The level of bus service provision is significantly fragmented across the region's five district areas, resulting in unequal outcomes for the region's residents and presents a challenge to the network's ability to provide a cohesive, integrated way to travel across West Yorkshire.

8.1.3. Accessibility to the bus network is key, with 97% of addresses being within 400 metres of a bus stop in West Yorkshire. However, this falls to 67% when mapped against our network of higher frequency "core" services and sees large variations across West Yorkshire districts. The variation is, in part, due to the complexity of the bus offer across West Yorkshire, providing different customer offers across cities, towns, and rural areas in the district. Table 9 below demonstrates the disparity across the districts in terms of access to bus stops. It shows that whilst the percentage of addresses within 400 metres of a bus stop is largely consistent, there are differences in access to the core network (high frequency services) ranging from 60% in Kirklees to 79% in Leeds.

Table 9 – Addresses Across Districts Within 400m of a Bus Stop

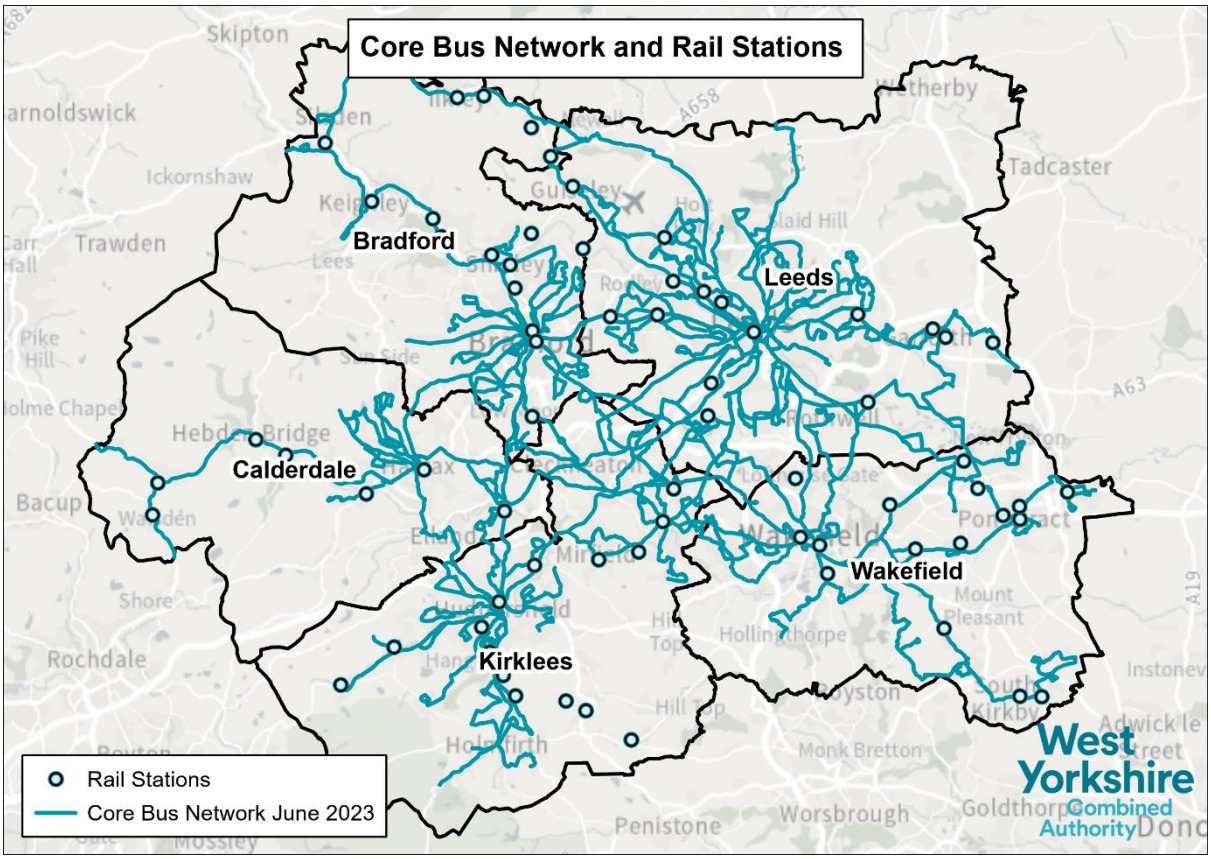
District	Percentage of addresses within 400m of a bus stop	Percentage of addresses within 400m of a high frequency bus stop
Bradford	97%	72%
Calderdale	96%	65%
Kirklees	97%	60%
Leeds	97%	79%
Wakefield	97%	61%

8.1.4. The West Yorkshire Behaviour Change survey (March 2023) demonstrated that frequency of bus use appears to be connected with the distance to the

nearest bus stop with 87% of existing bus users surveyed living within 5 minutes of a bus stop[27].

8.1.5. Figure 29 below plots the core bus network against rail stations in West Yorkshire. Whilst there generally good modal integration across the region, there are some outliers in Kirklees and Bradford that could benefit from improved connectivity.

Figure 29 - Core Bus Network Integration with Train Stations



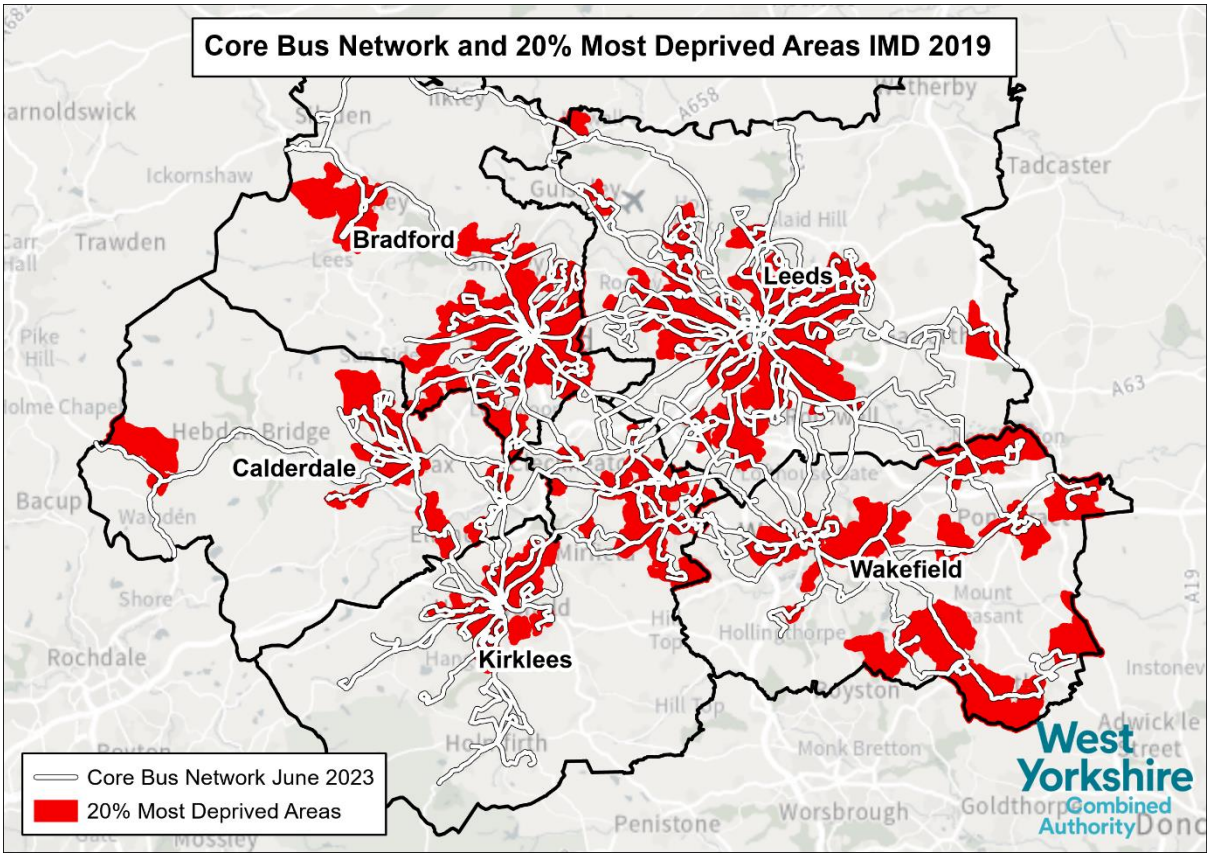
8.2. Deprivation

8.2.1. In many cases, it is areas of high deprivation – particularly those outside our major urban centres including Southeast Wakefield and parts of Calderdale – that are most poorly served the existing network. This suggests that access to the bus network is currently unequal across the network, with the core bus network connecting some districts much better than others.

[27] West Yorkshire Combined Authority, Bus Behaviour Change Primary Research Results, March 2023

8.2.2. To further understand how the bus system serves our different communities, in Figure 30 below, the 2019 Index of Multiple Deprivation (IMD) data has been mapped against the coverage of the high frequency bus network. This demonstrates that there tends to be better coverage of the high frequency network in the most deprived areas where they fall around a major town or city in West Yorkshire. However, there is weaker network coverage in some areas that have high deprivation away from large conurbations. Such areas also tend to be on the edge of each district.

Figure 30 - A map to show Core Bus Network coverage in deprived areas



8.2.3. Many of the areas not served by the core bus network also fall within the most deprived 20% in terms of the IMD Barriers to Housing and Services, shown in Figure 30. This suggests that the problems faced by areas with poor access to local services are compounded by a lack of frequent bus services. The areas tend to be further away from the larger conurbations in West Yorkshire and towards the edge of the West Yorkshire boundary. However, there are some pockets which are within the geographical range of major towns and cities in West Yorkshire. These include east Leeds and southwest Calderdale.

8.2.4. The Access Inequality Ratio measures the percentage of major employment centre jobs accessible within 30 minutes by bus, relative to car, from 10% most deprived neighbourhoods in West Yorkshire. This is of key importance to inclusive growth as those within West Yorkshire's most deprived communities are less likely to have access to a car.

8.2.5. West Yorkshire's Access Inequality Ratio worsened substantially during 2020, as the number of jobs accessible by the bus network from deprived neighbourhoods fell relative to those accessible by private car. This is attributable to a reduction in services as a result of the coronavirus pandemic, when only essential travel was supported; but it also illustrated the barriers to travel faced by certain groups.

8.2.6. Individuals from low-income households are more constrained by affordability issues and are less likely to own a car. In 2020, 35% of households in the lowest income quintile did not have access to a car[28], compared with 21% across all income levels. Those in the lowest income quintile also made 78% more bus trips than the average across all income levels[29]. Improving public transport options for those with no access to a car is therefore a way to tackle inequality, by making it easier

8.2.7. West Yorkshire has an ambition to reduce reliable on private car journeys and substantially grow the number of trips made by sustainable transport. Almost two-thirds of trips in West Yorkshire are made by car. The bus plays a vital role for those who lack access to a car, but its share of trips is also falling over time, a trend intensified by the pandemic.

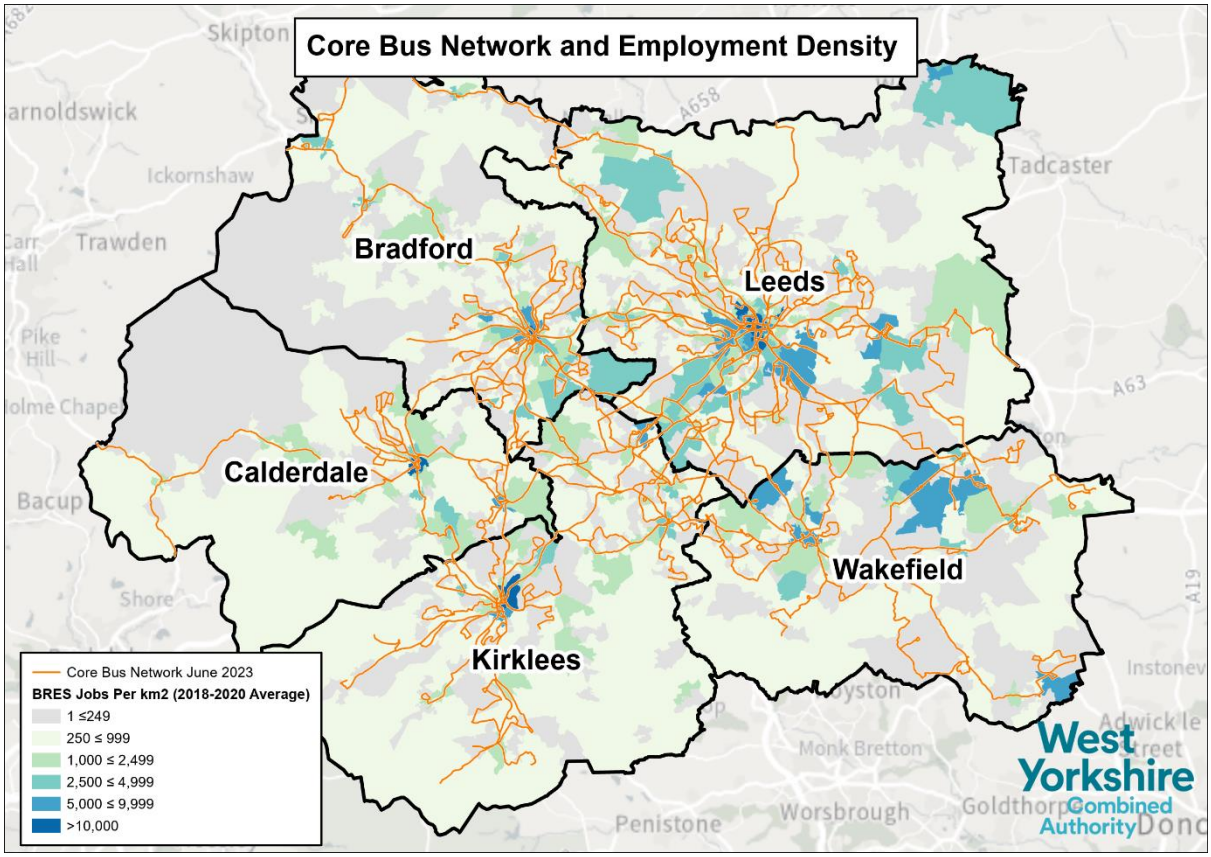
Employment sites

8.2.8. The core bus network currently does not serve major employment centres as effectively as it could do. Figure 31, below, shows population density mapped alongside employment density and the core bus network. Whilst the core bus network serves areas of high employment density in city and town centres well, it does not necessarily connect to outlying and more rural areas of

[28] ONS, Car or van availability, January 2023, Car or van availability - Office for National Statistics (ons.gov.uk)
[29] National Travel Survey, Travel by household income quintile and main mode, August 2022, nts0705.ods (live.com)

employment particularly towards the north and east of Leeds and east Kirklees.

Figure 31 - A map showing regional population density and employment density against Core Bus Network coverage

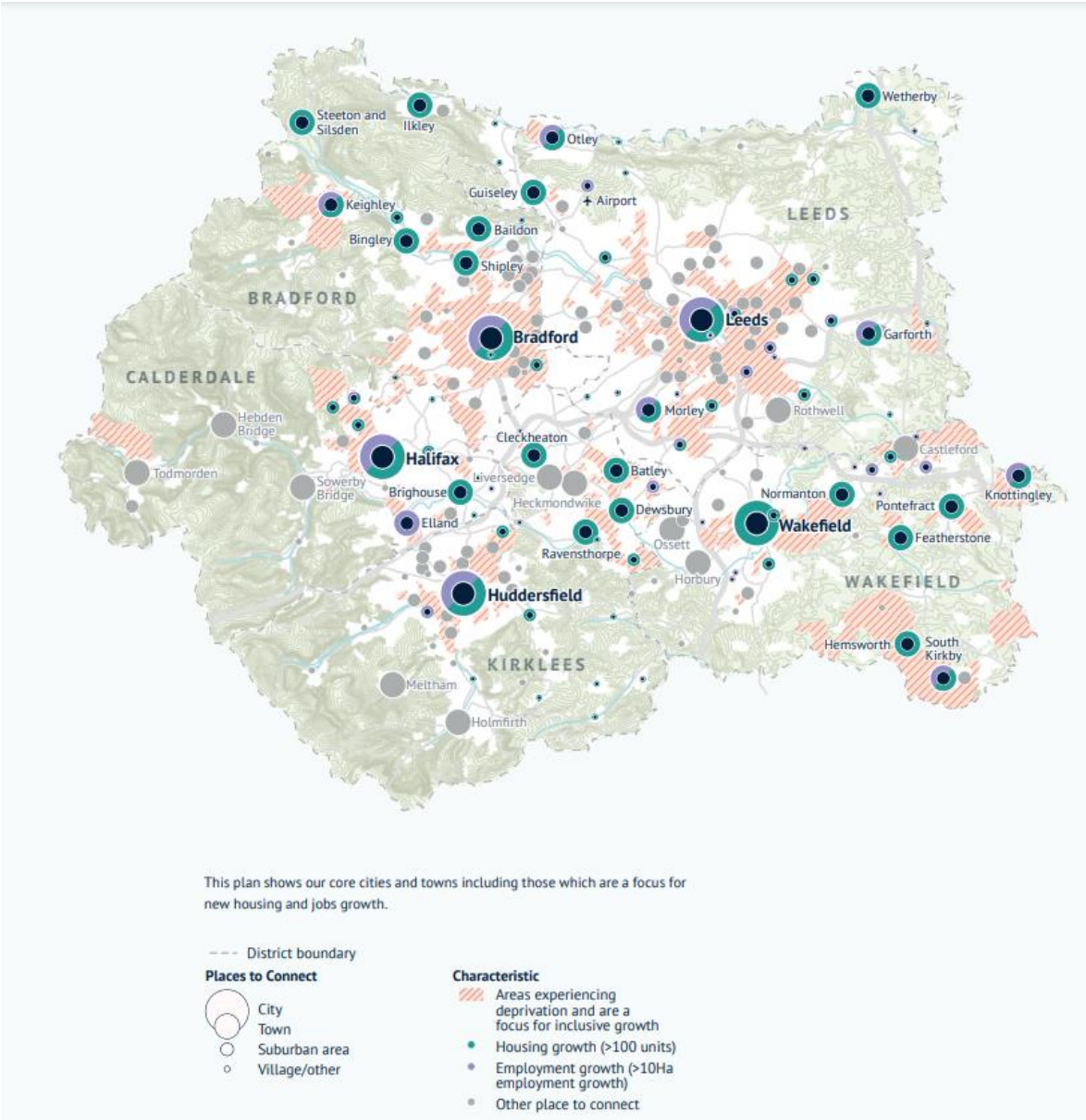


8.3. Connectivity vision and multi-modal integration

8.3.1. The Combined Authority has a clear vision of West Yorkshire's future transport needs and the opportunities this presents. The Connectivity Infrastructure Plan sets out a proposed pipeline of infrastructure to deliver this vision.

8.3.2. The plan has been developed on a comprehensive evidence base, drawing on socio-economic demographics; anticipated land use changes including new employment growth zones and major housing opportunities; environmental and clean energy opportunities; known transport constraints and forecast changes to travel demand patterns and capacity. Figure 32 maps out these opportunities across the Region.

Figure 32 - A map showing areas across West Yorkshire that are focus for new housing and jobs growth (Source: Connectivity Infrastructure Plan)



8.3.3. Also of key importance is integration across modes, with a new mass transit system a significant element of the Combined Authority's future transport and connectivity vision.

8.3.4. Options for mass transit are being explored to link communities across West Yorkshire and be integrated with other modes, including bus. Therefore, integration with mass transit will need to be a crucial consideration of any examination of the future of bus in West Yorkshire. The Mass Transit

programme is currently developing its Outline Business Case, with phased stages of operation tentatively schedule for 2028 onwards.

8.3.5. The Combined Authority has also been trialling Demand Responsive Transport (DRT) services, which are small minibus sized vehicles that can be booked via a smartapp to pick up and drop off at locations within a defined area. DRT services sit between traditional scheduled public transport and on demand taxis in terms of convenience and flexibility and have the potential to improve public transport usage when operators and local authorities work together.

8.3.6. By aggravating passengers, on-demand transport services can help reduce the number of private vehicle miles travelled. DRT can also expand the reach of the transport system to communities currently poorly served by scheduled services thereby tackling inclusion.

8.3.7. DRT has a role to play on the margins of the bus network, particularly serving specific use cases where scheduled bus services would not provide a suitable option and as such may provide a first/last mile offer to complement scheduled bus services.

8.4. Summary

8.4.1. There is a strong case for bus in providing region wide connectivity, particularly to those most disadvantaged areas and those without a car or access to other modes of transport. The current bus network is based on radial routes serving key urban centres but falls short of our connectivity vision for bus in West Yorkshire.

8.4.2. With development in mass transit it becomes even more important to ensure multi-modal integration that enables residents of West Yorkshire to be better connected to leisure and work opportunities.

9. Environmental performance – carbon and air quality

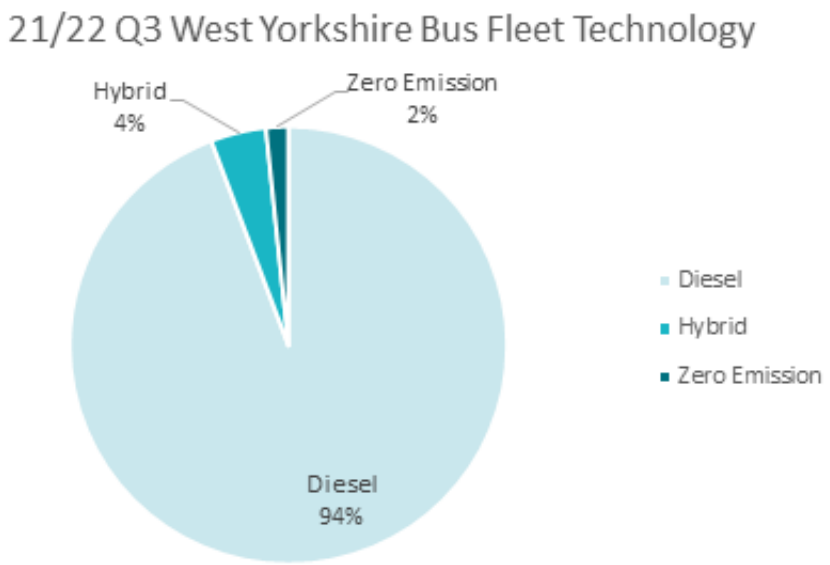
9.1. Overview

9.1.1. In 2019, the West Yorkshire Combined Authority declared a climate emergency. Transport is the biggest contributor to carbon emissions in West Yorkshire, with some locations experiencing poor air quality and currently diesel-powered buses are a contributor to this. The bus therefore has an important role in meeting this net zero ambition, both through fleet improvement and being an alternative to more carbon intensive modes.

9.2. Environmental performance of current fleet

9.2.1. Transport emits the most carbon of any key sector of the economy in West Yorkshire, with more than 90% of transport emissions coming from cars and vans. Supporting a switch from private car use to bus use is part of the solution to this challenge if buses can be decently loaded and run on low emission technologies, but currently only 2% of buses operating in West Yorkshire are zero emission, with 4% of vehicles operating being hybrid vehicles. Therefore, achieving current ambitions for a 100% zero-emission bus fleet by 2036 presents a significant challenge.

Figure 33 - Bus Fleet Technology Across West Yorkshire



9.2.2. The total fleet size across the three major operators (Arriva Yorkshire, First West Yorkshire and Transdev) is approximately 1300 buses. First own or

lease approximately two-thirds of the fleet, followed by Arriva and then Transdev (including Team Pennine).

9.2.3. The emissions profile of the fleet will alter over the next 18 months due to a successful zero emission bus bid (ZEBRA) to central government, resulting in an additional 136 electric buses. This will increase the proportion of zero emission buses from 2% to 10%.

9.2.4. Currently, the only zero-emission buses that are electric are operated within Leeds. This comprises a fully electric Park & Ride, an electric Demand Responsive Transport (DRT) service and a city centre bus route operated by First. The successful ZEBRA bid will alter the distribution of zero emission buses, with the introduction of an electric fleet in Bradford and Wakefield.

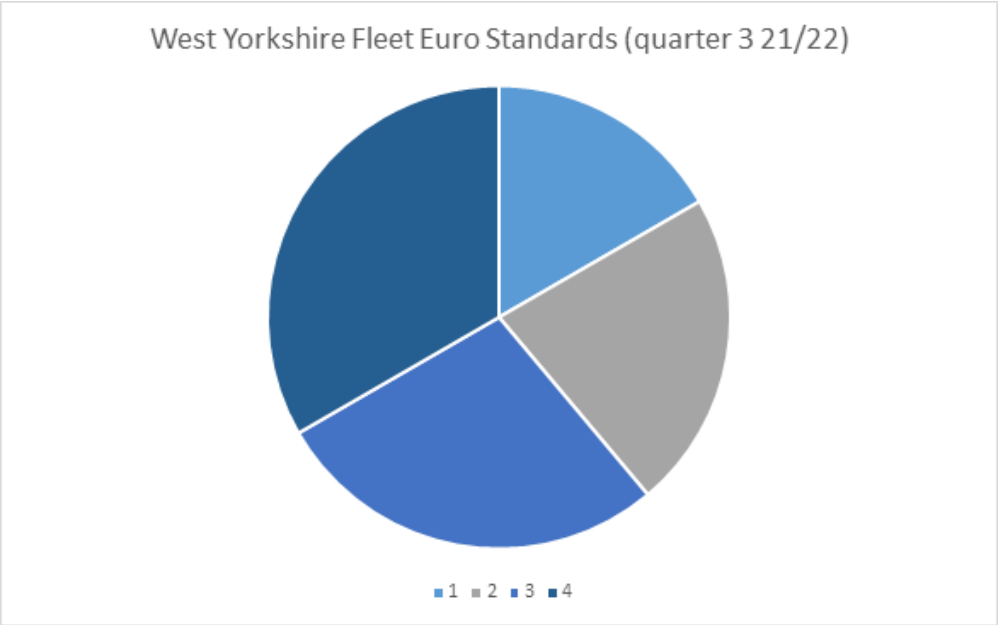
9.2.5. Another target included within the West Yorkshire Bus Alliance was around bus fleet Euro Standards, aiming for all buses to be Euro VI or better by 2026. At the point of last data collection, Quarter 3 21/22, 70% of the fleet were EuroVI. This compares to 56% at the first point of data collection, quarter 4 2019/20.

9.2.6. Emisisons standards for buses show great variability across West Yorkshire districts, with the highest proportion of EuroV or higher in Leeds, Bradford and Wakefield. Calderdale and Kirklees in comparison have a much higher proportion of EuroV or lower vehicles.

Table 10: Euro Bus Specification across Districts

Euro Spec	Leeds	Wakefield	Kirklees	Bradford	Calderdale
2	0%	0%	0%	0%	0%
3	5%	5%	22%	15%	43%
4	3%	8%	12%	1%	2%
5	5%	18%	20%	3%	16%
6	87%	69%	47%	81%	39%

Figure 34 - Bus Fleet Euro Standards in West Yorkshire



9.2.7. The average age of fleet is currently 11 years, which demonstrates an aging fleet which may require investment in the coming years.

9.2.8. Locally, air quality is also a major concern, with urban areas in West Yorkshire having some of the highest levels of air pollution in the UK outside of London, with poor air quality accounting for 1 in 20 deaths.

9.2.9. West Yorkshire has 34 Air Quality Management Areas (AQMAs) and one Clean Air Zone (CAZ), covering part of Bradford district, which went live in September 2022, to try and address this problem, which can be seen in the figure below.

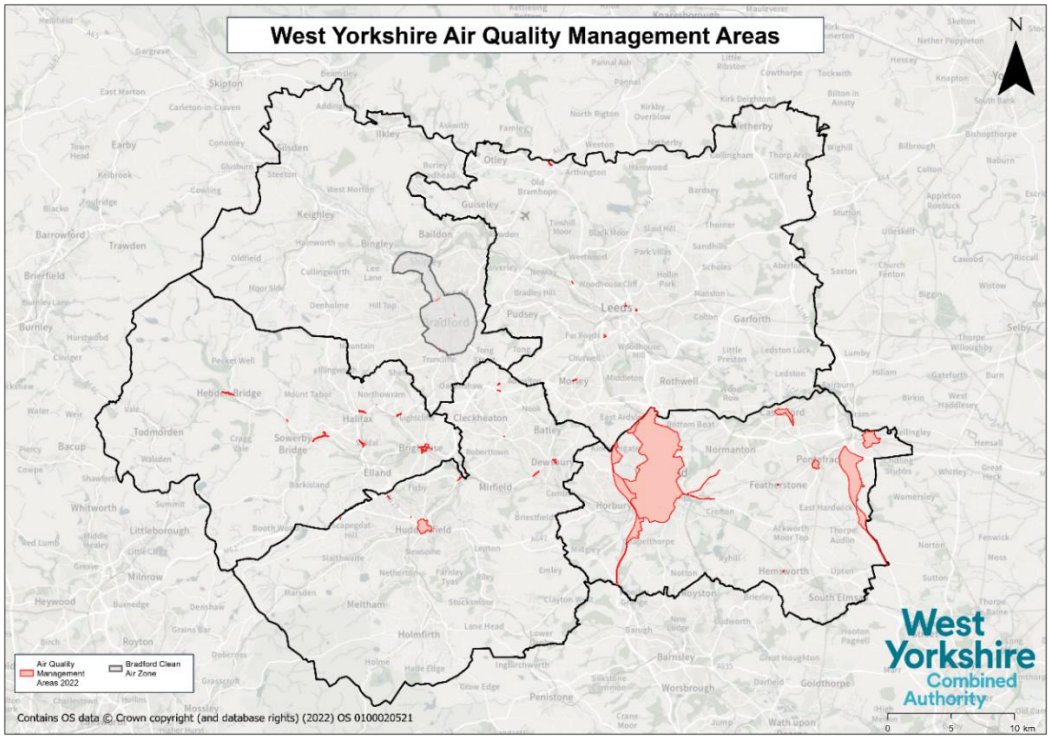
9.2.10. The Bradford Clean Air Zone, is a Class C+ CAZ, which means there will be charges for all non-compliant vehicle types except for passenger cars. The Bradford zone will cover the area inside and including the Bradford outer ring road. It will also extend out along the Aire Valley corridor to include Shipley and Saltaire.

9.2.11. The main objective of the CAZ is to discourage the use of older, more polluting vehicles from entering the zone, with the aim to improve air quality across the district, both inside and outside of the CAZ. Health research in Bradford has indicated that the largest health benefits will be felt by the most deprived communities in the City, and the Clean Air Plan will bring levels of

nitrogen dioxide within legal limits five years more quickly than without intervention.

9.2.12. Although efforts have been made to address local air quality through improving the emission standards of the region's bus fleet (a target was set for all to be Euro VI by 2025), due to the financial impact of the pandemic it is expected original ambitions will not be met. Furthermore, as Figure 35 shows, there is air quality management areas are not evenly spread across the region of West Yorkshire, reinforcing unequal outcomes for West Yorkshire's residents.

Figure 35 - A map to show Local Air Quality Mnaagement areas and Clean Air Zones



9.3. Summary

9.3.1. Bus has a vital role to play in tackling the climate emergency, both in encouraging modal shift away from private car and in modernizing the fleet to reduce carbon emissions

9.3.2. Opportunities such as the Zero Emission Bus Regional Area (ZEBRA) fund have allowed bus companies to invest and spread the benefits of cleaner technologies, but if the ambitions set out in the Alliance of a zero-emissions

fleet by 2036 are to be achieved, there is a still a considerable amount of work to be done.

10. Conclusion

10.1. This Evidence for Reform document has sought to reveal the state of bus services in West Yorkshire across the key themes of:

- Travel trends and promoting bus
- Customer service and confidence
- Financial sustainability
- Connectivity and modal integration
- Environmental performance – carbon reduction and air quality

10.2. The current long-term decline in patronage suggests that the way the current bus network is organised is not attractive to passengers and is in need of reform to achieve the ambitions set out across various national and local transport policies.

10.3. The customer offer, and associated satisfaction, is of great important in delivering bus services across West Yorkshire. Without a bus service that responds to customer needs, patronage will continue to decline, further exacerbating the financial issues the market faces. Our current research shows varying levels of satisfaction and there is a lot of scope to improve and respond better to customer needs.

10.4. The financial viability of bus services are also under increasing pressure, resulting in operators reviewing the commercial success of routes and cutting those no longer deemed viable. This should be viewed alongside the financial pressures on the Combined Authority's tendered services budget, which has increased in order to help fund cuts that operators have made and support additional services. The financial viability of the existing bus network creates potential risks and instability to the customer offering, with services already being impacted.

10.5. There is a strong case for bus in providing region-wide connectivity, particularly to those most disadvantaged areas and those without a car or rail transport. The current bus network is based on radial routes serving key urban centers but falls short of our connectivity vision for bus.

10.6. Bus has a vital role to play in the Climate Emergency, both in encouraging modal shift away from the private car and improving the fleet to reduce emissions. Opportunities such as the Zero Emission Bus Regional Area (ZEBRA) funding have allowed West Yorkshire bus companies to invest, and spread the benefit more widely, of zero emission buses. If the ambition set out in the West Yorkshire Bus Alliance of a zero-emission fleet by 2036 is to be achieved there is still a considerable amount of work to be done.

10.7. Ultimately, it is clear to see from the evidence presented in this document that that bus service performance and satisfaction has been in a state of long-term decline and is not offering the people of West Yorkshire a mode of travel that is an attractive and reliable alternative to the car.

Find out more

westyorks-ca.gov.uk

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Leeds
LS1 2DE

All information correct at time of writing

West Yorkshire Combined Authority

Tracy Brabin Mayor of West Yorkshire

Appendix 1.2

Strategic case data sources

June 2023

Data sources

This strategic case uses the most up to date and relevant data sources that are available to the Combined Authority at date of submission for audit (June 2023).

This appendix sets out in more detail the sources used throughout the case and what they are used for.

Covid-19 impacts

It should be noted that travel trends and data collection have been severely impacted by the Covid-19 pandemic, affecting the way people travelled and the availability of data for collection.

The outbreak of the Covid-19 pandemic and the subsequent lockdowns resulted in a radical change in terms of how people travelled and how often they did so. This was particularly apparent with public transport, where patronage figures across the country saw a sudden and significant reduction in 2020 before partially recovering.

The disruption caused to data collection, both nationally and locally, together with normal data lags, means that for some indicators the latest and most relevant data available is pre-pandemic, with no directly comparable post-pandemic figures. Consequently, there are still some important knowledge gaps in how the Covid-19 pandemic has impacted travel.

It is therefore vital that emerging trends from our Covid-19 Transport Recovery Survey and West Yorkshire Annual Public Perception of Transport Survey are used to understand more recent travel trends and behaviours. The Covid-19 Transport Recovery survey was launched in June 2020 in response to a data gap in understanding public attitudes and impacts of Covid-19 on transport and has provided a useful monitor of public transport trends. The West Yorkshire Annual Public Perception of Transport Survey is provides robust and detailed data on West Yorklshire resdients' perceptions and attitudes of transport. The sample size and methodology of the survey makes it an unparalled source of data which isnt available through other means. As it is a randomised, statistically representative sample of the population, it provides a means of measuring travel behaviours and sentiment through the lens of different demographic groups, an important and valuable data source given the organisations commitment to Equality, Diversity and Inclusion. In lieu of covid-19 related data disruption in other data sets both these surveys demonstrate evidence in more recent travel trends and behaviours.

Data source	Data use	Section of strategic case	Data age reasoningP
National data sets			

National Travel Survey (NTS) 2017-19	Mode share Mode share by age	Introduction 1.2 West Yorkshire in Numbers 4.3 Buses in west Yorkshire 5.2	NTS methodology uses a sample size which is too small at the regional level for robust analysis. NTS provide West Yorkshire data over a rolling three year period to bolster the sample size. As the pandemic began in 2020 this means the latest unimpacted data is 2017-19, and 2020 impacts will affect results up to 2023, etc. Due to the rolling average approach, local NTS data will yield mixed results as we emerge from the pandemic. We have therefore chose to avoid post-pandemic local NTS data until trends become clearer and the most severe impacts pass through the rolling sample period.
RAC Foundation "Transport Cost Index", 2023	National cost of bus fares National cost of motoring	Introduction 1.2 Strategic Context 6.4	Latest available data for this metric
Office for National Statistics (ONS) Census 2021	Population demographics	West Yorkshire in numbers 4.2	Latest available data for this metric
ONS Census 2011	Travel to work flows	Buses in west Yorkshire 5.2	Latest available data for this metric. Census 2021 commuting flows haven't been released yet and, when they are, they will not be representative as the 2021 census was undertaken with a pandemic "stay at home" order in place resulting in many people adopting unusual commuting patterns due to working from home.

ONS (2019) National Population projections	Population demographics	West Yorkshire in numbers 4.3	Latest available data for this metric
Annual Population Survey Sept 2021 – Oct 2022 (accessed through NOMIS)	Population demographics	West Yorkshire in numbers 4.3	Latest available data for this metric
Ministry of Housing Communities and Local Government Indices of Deprivation, 2019	Deprivation profile	West Yorkshire in numbers 4.5	Latest available data for this metric
Department for Transport (DfT) Bus Statistics Table BUS01f	Passenger journeys per head of population	Buses in west Yorkshire 5.2	Latest available data for this metric
DfT Bus Statistics Table BUS01e	Bus patronage	Buses in west Yorkshire 5.2	Latest available data for this metric
DfT weekday bus and car usage	Weekday bus and car usage GB, as a percentage of pre-Covid (monthly average)	Buses in west Yorkshire 5.5	Latest available data for this metric
Transport Focus Bus Passenger Survey (pre-covid)	Public attitudes towards bus use	Strategic Context 6.6	Pre-covid attitudes to bus use – latest available data for this metric
West Yorkshire Combined Authority (local) data sets			

West Yorkshire Combined Authority Economic & Transport Insights Report (April 2023)	Travel trends (hybrid working) Customer segmentation	Introduction 1.2	Latest available data for this metric
West Yorkshire Combined Authority Research & Intelligence Team "West Yorkshire Economic & Transport Insights Report", June 2023	Bus patronage recovery	Buses in west Yorkshire 5.2	Latest available data for this metric
West Yorkshire Combined Authority "West Yorkshire:State of the Region Report", 2021	Commuting flows (chart only, data referenced is Census 2011)	Introduction 1.2 Buses in west Yorkshire 5.2	Latest available data for this metric
West Yorkshire Combined Authority Research & Intelligence Team "COVID-19 Transport Recovery Survey Wave 8", November 2022	Commuting behaviour Cost of living crisis	Buses in West Yorkshire 5.5 Strategic context 6.4	Latest available data for this metric
West Yorkshire Combined Authority The Mayor's Big Bus Chat – March 2023	Consultee perceptions	Strategic context 6.3 Strategic context 6.4	Source of public perceptions data

"West Yorkshire Annual Public Perceptions of Transport Survey", April 2019	Pre-pandemic non user of bus perceptions	Introduction 1.3 Strategic Context 6.4	Pre-pandemic data for this metric
West Yorkshire Annual Public Perceptions of Transport Survey 2022-23 (pre-release as of 16/06)	Customer satisfaction trends	Introduction 1.3 Buses in West Yorkshire 5.4 Buses in West Yorkshire 5.5 Strategic Context 6.4	Latest available data for this metric
Combined Services and Assets (CoSA) system	Mileage of West Yorkshire network Mileage of West Yorkshire network by district	Buses in west Yorkshire 5.3	Latest available data for this metric
West Yorkshire Bus Behaviour Change Survey, 2023	Consultee perceptions		Source of public perceptions data

Find out more

westyorks-ca.gov.uk

West Yorkshire Combined Authority
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Leeds
LS1 2DE

All information correct at time of writing

The Enhanced Partnership+

An innovative, fast and cost-effective way to achieve Bus Reform.

Version 2

Version 1 submitted by the Bus Operators of West Yorkshire on 16/08/23.

Additional Letters of Commitment added 11/09/23 (no changes to proposal made).

Introducing the Enhanced Partnership+ to the West Yorkshire Bus Reform Programme

A vibrant, bus network is critical to the economic and environmental future of our region. The West Yorkshire Bus Operators (WYO) share WYCA's objectives for "an integrated transport system, which is affordable, convenient, and greener - improving connectivity and getting people where they need to go." To enable this, WYO have developed a first-of-its-kind approach to a partnership with support from colleagues at the West Yorkshire Combined Authority (WYCA), which will harness the strengths of both the public sector and private sector for the benefit of the public. This far-reaching plan is named 'the Enhanced Partnership+' (EP+).

This pack contains details of the EP+, which gives real, substantive control on network design to WYCA, alongside a clear and simple bus ticketing structure, and a roadmap to Zero-Emission. Amongst other things, WYO commit to individually collaborate with WYCA on network design, providing open book data sharing on route performance with WYCA, public performance monitoring, a branding strategy designed with WYCA, and a single point of 'frontline' contact to facilitate triaging of customer contact.

This radical partnership constitutes an innovative way of achieving bus reform, and is a partnership that WYO, the Combined Authority and Mayor Brabin can together be proud of and celebrate nationally. The EP+ delivers the level of control sought by the Combined Authority and Mayor Brabin, alongside many other benefits that meet the Bus Reform Assessment Objectives. It is deliverable faster and more cost effectively than franchising. This is a proposal for "West Yorkshire's bus network, designed for the community we are proud to belong to."

WYO commit to accountability in delivering the EP+ and ask of WYCA to do the same, with KPIs underpinned by a relentless focus on sustainable network growth and customer satisfaction. Under the EP+, WYO, WYCA and the West Yorkshire Districts will work hand-in-hand to meet shared objectives, where feasible securing the required funding to do so.

This proposal is presented in 'good faith' by the West Yorkshire Operators of First Bus, Arriva and Transdev together with smaller and medium sized operators represented by the Confederation of Passenger Transport. The commitments herein are fully supported by parent companies and Letters of Commitment are provided. In the case that WYCA requires a list of all engaged SMOs, this can be requested via CPT.

A great deal of effort has been put into the development of this EP+ proposal by WYO, WYCA and CPT colleagues. WYO extend thanks to WYCA and CPT colleagues for their engagement in this process.

The following pages contain the Letters of Commitment from WYO, followed thereafter by the EP+ proposal.

First Bus
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www.firstgroup.com

16 August 2023

Melanie Corcoran
West Yorkshire Combined Authority
40-50 Wellington Street
Leeds LS1 2DE

Dear Melanie

This letter serves to pledge First Bus' commitment to deliver the initiatives outlined within the Enhanced Partnership Plus (EP+) proposal.

The EP+ is a far-reaching plan which will successfully increase bus patronage, standardise customer service, and lessen reliance on public funding. The EP+ achieves these outcomes at pace, whilst avoiding the transfer of additional risk and cost to the public purse and to local taxpayers.

This letter outlines both our commitment to the EP+ to fully meet Bus Reform objectives, and additionally, a ground-breaking and collaborative proposal for First Bus to invest over £77m in fleet, digital and resource improvements, with an innovative benefit share mechanism to fund further bus initiatives through the term of the agreement.

The EP+ delivers upon all objectives of WYCA's Bus Reform programme via the following initiatives:

- Giving significant control of the bus network to WYCA and West Yorkshire citizens, within a framework that enables data sharing for the continuous improvement of the network.

- Delivering bus services with an unwavering customer focus, evidenced via a unified brand for West Yorkshire bus services, a single frontline customer service team and the publication of KPIs that hold bus operators and WYCA to account.

- Ensuring an accelerated path to decarbonisation, to enable WYCA to meet its objective of a zero- emission bus fleet by 2036.

- Supporting the evolution to mass transit (even where the solution is not bus).

As the largest operator in West Yorkshire, First Bus recognises the depth of our responsibility in successfully delivering Bus Reform. Therefore, beyond the far-reaching commitments set out within the EP+ proposal pack, First Bus also commits to the following:

- A net investment of over £70m to deliver a zero-emission fleet across First Leeds depots by the close of 2030, and similarly, to deliver a zero-emission fleet across Yorkshire West (Huddersfield, Halifax and Bradford) depots by 2035. Where there are evidenced, consistent air quality issues within Yorkshire West Districts, First Bus will collaborate with WYCA to expedite an earlier delivery of zero-emission vehicles.

- The split of First West Yorkshire annual profits beyond 10% EBIT on a 50/ 50 share basis, between First West Yorkshire and WYCA for the duration of the EP+ agreement.

- An investment of £3.6m to ensure that all First West Yorkshire buses meet Euro 6 emissions standards by the close of 2024. This includes significant capital investment of £1.8m in seat belted school vehicles.

- An investment of £2.6m to fully rebrand First West Yorkshire's fleet within the chosen West Yorkshire bus branding, within 3 years of the decision to proceed with EP+; Over 200 First Bus buses will reach West Yorkshire roads each year in the new, unified livery, with the first 200 being repainted before Spring 2025.

- An investment of £950k to commence immediate rollout of 4G and smart-hub technology across the First West Yorkshire fleet to improve customer information provision.

- To appoint a senior Sponsor for the progressing hydrogen fuel programme underway by Bradford Council.

- To enhance the search, book and travel processes by presenting best value fares within journey planning functionality, and for a customer loyalty programme to be launched by the end of 2025 to incentivise and reward bus usage. Where 'one app' is the chosen route for ticket distribution, First Bus is open to discussing with WYCA a contribution to the development of these two projects outside of the First Bus app/ digital platforms.

- For a new role to be created within the First West Yorkshire team, funded by First Bus to the value of £40k per annum, to focus specifically on identifying and accelerating the adoption of Bus Priority measures, in conjunction with WYCA colleagues.

Taking the above list into account, this EP+ proposal is unique in the scale of commitments it delivers within a partnership structure. First Bus' commitment to WYCA represents a total capital investment of more than £77m, which would enable faster delivery on the benefits of the commitments within the EP+ for customers, and alongside a 50/ 50 benefit share mechanism to enable further investment in bus initiatives.

West Yorkshire operators are ready to launch the EP+ proposals. There is no lead time for this process, unlike the franchising alternative, which, based on experience elsewhere is likely to take two to three years to achieve. West Yorkshire citizens would see some of the benefits of the EP+ within one month of a decision to proceed.

This is an offer to form a future facing and collaborative partnership that West Yorkshire can be proud of and celebrate nationally. First asks of you, of Mayor Brabin, and of the WYCA Bus Reform Team, to consider this EP+ an opportunity to pioneer within Bus Reform, and to immediately commence socialising the EP+ on this basis with West Yorkshire citizens and stakeholders.

A great deal of work has been put into the development of the EP+, and thanks are extended to WYCA and CPT colleagues for their engagement in this process. We share a joint objective to improve bus services and bus usage across West Yorkshire.

First Bus would be delighted to hold further discussions with WYCA to expand upon the contents of this letter or the EP+ proposal, and to discuss how we believe the proposal could be further built upon with the support of the public funding that would be required to deliver the franchising alternative.

First Bus looks forward to the next stage of engagement within this process and commends the EP+ approach as the most efficient and immediate method for delivery of Bus Reform in West Yorkshire.

Yours sincerely

Andrew Jarvis	Andrew Cullen
Chief Operating Officer	Managing Director
First Bus	First West Yorkshire

PRIVATE AND CONFIDENTIAL

Melanie Corcoran
West Yorkshire Combined Authority
Wellington House
40-50 Wellington Street
Leeds
LS1 2DE

17th August 2023

Dear Melanie

Enhanced Partnership Plus (EP+) Letter of Commitment

Arriva Yorkshire proudly provides bus services for people who live and work in West Yorkshire, and we support the Bus Reform aspirations of the West Yorkshire Combined Authority (WYCA) which support the Transport Strategy 2040 and the deliverability of the Bus Service Improvement Plan (BSIP) by 2030.

The commitments set out in the EP+ proposal have the support of Arriva UK Bus to ensure that WYCA have confidence that they will be delivered, in conjunction with other West Yorkshire bus operators, to deliver the improvements to public transport that match and exceed those developed through the franchising proposals, but without the inherent risks to public finances.

Arriva's key commitments are summarised in the following table:

EP+ Intervention Area	Key Commitments from Arriva
A Publicly Controlled Bus Network, to deliver a well-connected West Yorkshire	• Joint Network Performance Reviews with WYCA that objectively determine decisions based on an agreed minimum standard for service viability. • Data sharing to enable route level performance reviews to be carried out transparently. • Data sharing to enable data to be shared publicly to the same level of detail as exists in franchised areas. • Commitment to support the development of mass transit proposals, and to assist WYCA in designing the optimum Scheme.
Simpler Fares & Integrated Ticketing	• Review of existing tickets with the aim of offering a streamlined and simple WYO ticket range (including, if possible, the expedited rollout of Project Coral). • Introduction of pre-9:30am travel for ENCTS passholders at no premium to WYCA for peak hour travel.

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Fax +44 (0)191 520 4001
DX 68754 Sunderland 3

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"Arriva Yorkshire" is the trading name of the following companies each of which has its registered office address at 1 Admiral Way, Doxford International Business Park, Sunderland SR3 3XP: Arriva Yorkshire Limited (00084167) and Yorkshire Tiger Limited (04166041).

a DB company

Enabling 'Bus Priority,' for faster, more reliable Journeys	• Enhanced sharing of data and collaboration to build strategic cases for schemes, to work towards an agreed target of bus priority length across West Yorkshire.
Better Journeys for West Yorkshire Customers	• Once designs are agreed, rollout of a unified West Yorkshire brand as new vehicles are purchased, and vehicles are refurbished (normally mid-life). • Ability to accelerate rebranding where additional costs are met by WYCA.
A Green Network	• Continuing to work towards a 100% Zero Emission bus fleet by 2036, by maximising partnership funding opportunities. • Continuing with the ZEBRA project to deliver 47 electric buses to Wakefield by Q1 2025. Including a viability review of opening this up as a 'Green Excellence Transport Hub' offering charging facilities and local skills development.

Arriva remain committed to working with WYCA and WYO's to deliver the best outcome for the residents of West Yorkshire, whatever the outcome of the Bus Reform Assessment. But it should be noted by all involved in the assessment process that changes to the public transport model in isolation won't deliver significant change in decreasing car dependency. Combined with complementary measures across all modes of transport and infrastructure, we remain confident that buses are a solution to environmental challenges and support economic growth, and we look forward to continuing our work with you to realise the benefits.

Yours Sincerely,

Alistair Hands
Managing Director, Arriva UK Bus

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West Yorkshire
WF1 5JX

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a DB company

Melanie Corcorcan
WYCA

11 August 2023

Dear Melanie

Enhanced Partnership Plus

We write to confirm our support for the Enhanced Partnership Plus proposals set out by the group of West Yorkshire Bus operators that make up the current Enhanced Partnership as part of your bus reform appraisal.

The commitments include:

- Collaboration on a network management group to ensure greater public control of the network.
- A commitment to reinvest benefits from improved bus speeds in enhanced services.
- A focus on the M-Card range of products as the core ticket range for WY, we commit to withdrawing our remaining single operator variants, continuing the process following removal of day tickets.
- Engagement and data sharing to inform bus priority proposals.
- A commitment to provide data and support to develop Rapid Transit proposals in line with your strategy.
- A commitment to invest in Zero Emission Buses for future fleet investment providing government subsidies such as Zebra continue with a view to helping WY meet its target full Zero Emission fleet in 2036.

We are happy to continue to engage with you on the bus reform project covering both partnership and franchising options.

Yours sincerely

Henri Rohard
Managing Director

Driving the UK forward

Melanie Corcoran
Director of Transport Policy and Delivery
West Yorkshire Combined Authority
Wellington House
40-50 Wellington Street
Leeds
LS1 2DE

15 August 2023

Dear Melanie,

Enhanced Partnership Plus (EP+) Letter of Support

I write to share our support and outline our involvement in the recent Enhanced Partnership Plus (EP+) proposal developed by operators with CPT support and detailed in the recent workshops with WYCA colleagues.

As you will be aware, Confederation of Passenger Transport (CPT) is the UK trade association for the bus and coach sector representing over 95% of UK Bus fleet, the majority of UK coach fleet and over 140 supplier members making up over 900 members representing all sizes of operator from the largest group operator down to Small and Medium sized operators (SMOs).

It is important to note that CPT represents operators in deregulated environments, in franchise environments such as London and Greater Manchester as well municipally owned operators such as Blackpool Transport, Lothian buses and Warrington Own Buses. We have a track record of supporting our members no matter the operating model.

In West Yorkshire, CPT provide the Chair and secretariat for the Association of Bus Operators West Yorkshire (ABOWY) which is open to all operators regardless of CPT membership. CPT participates in the West Yorkshire Bus Alliance representing all operators but with a specific remit of representing the small medium sized operators. As WYCA colleagues will be aware from previous joint engagement, operators in the region are very well engaged and this is in part due to the good partnership working between our organisations and with operators.

Alongside our members, we share the ambition of the bus reform process, the contribution of the bus system towards WYCA's Transport Strategy 2040, and to maximise deliverability of the Bus Service Improvement Plan (BSIP) by 2030, in turn improving the travel experience of citizens across West Yorkshire.

The development of the EP+ has been able to demonstrate an approach that maximises the capabilities, skills and experience of all parties. The EP+ can allow all partners to deliver bus reform at a quicker pace, at minimum risk or cost to the public purse and removing the very real business loss risk to smaller operators a potential franchise led model may impose, even as an unintended consequence.

Bus (and coach) operators of all sizes have the knowledge, experience, relationships and ambition to ensure the role of bus and wider public transport is further developed, in turn supporting the people, economy and political ambitions of West Yorkshire.

Both CPT and ABOWY represents the views of operators no matter their size and it is important that all viewpoints are included.

Having shared and supported the previous WYCA Bus Reform market engagement, CPT has since supported the initial EP+ process alongside the major operators both 'informing' and 'engaging' the wider operator community while being an independent contributor through the initial and then continued development of the proposal.

All operators had the opportunity to be more specifically engaged and ask questions. Reflecting the current capacity and resource challenge to SMOs, a smaller more engaged group was defined and had oversight into the process and some representation in person at the thematic workshops. This specific group represented a good market share of the defined SMO market, and also a good mix of district geography and mix of tendered and commercial services.

There is broad SMO concern of potential business loss as a result of a franchise process and CPT has to represent those concerns but will also support the continued engagement with WYCA and operators no matter the bus reform model being proposed. It is important that the model of bus reform is reflective of all operators and their contribution.

The EP+ drives outcomes across five themes that underpin the objectives of WYCA's Bus Reform Programme: network, fares and ticketing, customer service and information, bus priority, and 'green and better vehicles,' which together also deliver benefits across the three sub-objectives of economy, environment and 'people and place' enhancing the contribution of the bus system towards the Combined Authority's Transport Strategy 2040 and wider policies.

As a region, with stated Policy Aims and Climate Emergency Declarations, we do need to harness the increased political interest in delivering 'Better Bus Services' for the people of West Yorkshire to be matched by strong, supportive policy, no matter the bus reform model.

Measures such as workplace parking levies, reviews of parking costs and policy, road-space allocation, better input into planning process and supportive messaging can be supportive areas with minimal cost.

A significant amount of work by all partners has been invested into this process and we ask that the EP+ is given the time, opportunity and challenge that is needed to ensure it can meet the collective aspirations of the people of West Yorkshire.

Yours Sincerely,

Andrew McGuinness
CPT Regional Manager (North of England)
Chair of Association of Bus Operators West Yorkshire (ABOWY)

Howard Robinson
16 Fairfield Avenue
Ossett
WF50LZ

Dear Melanie,

Enhanced Partnership Plus (EP+) Letter of Commitment

As a coordinator of a number of small operators which includes Globe, Ross Travel, Squarepeg Buses, Station Coaches, Waterson's and Dales and Bowland CIC, we are committed to provide bus services for people who live and work in West Yorkshire. We support the Bus Reform aspirations of the West Yorkshire Combined Authority (WYCA) to maximise the contribution of the bus system towards WYCA's Transport Strategy 2040, and to maximise deliverability of the Bus Service Improvement Plan (BSIP) by 2030, in turn improving the travel experience of citizens across West Yorkshire.

We support the work to develop an Enhanced Partnership + offer developed by operators and the Confederation of Passenger Transport (CPT) working with WYCA. Such a process has been able to demonstrate an enhanced partnership approach that maximises the capabilities, skills and experience of all parties. This can allow all partners to deliver bus reform at a quicker pace, at minimum risk or cost to the public purse and removing the very real business loss risk to smaller operators a potential franchise led model may impose, even as an unintended consequence.

Small and medium size operators are crucial in supporting the overall West Yorkshire bus network and their contribution should not be understated. In the case of my business we have developed new markets and introduced new initiatives that have contributed to growth deemed uneconomic by larger concerns.

The EP+ drive outcomes across five themes that underpin the objectives of WYCA's Bus Reform Programme: network, fares and ticketing, customer service and information, bus priority, and 'green and better vehicles,' which together also deliver benefits across the three sub-objectives of economy, environment and 'people and place' enhancing the contribution of the bus system towards the Combined Authority's Transport Strategy 2040 and wider policies. The EP+ has been developed through a process of workshops, with WYCA, Confederation of Passenger Transport (CPT) and West Yorkshire operator colleagues in attendance.

The commitments set out in the proposal pack have operator support and in our case being a smaller operator can set our commitments:

- Common vehicle standards on new build vehicles to our fleet if practical within financial constraints
- Light touch agreed brand on existing fleet and to fully rebrand where agreed on new vehicles to our fleet
- Supportive of branding agreements within the county
- Working towards a 2036 zero-emission fleet (subject to funding) with support of wider partners

As a smaller operator in tendered and commercial environments it must be recognised we may not have the financial ability to meet rapid change where cost is involved as many owners have their

entire livelihood invested in the business. However we give a firm commitment of partnership to deliver and support the Enhanced Partnership + model.

As a region, with stated Policy Aims and Climate Emergency Declarations, we do need to harness the increased political interest in delivering 'Better Bus Services' for the people of West Yorkshire to be matched by strong, supportive policy no matter the bus reform model.

Measures such as workplace parking levies, reviews of parking cost and policy, road-space allocation, better input into planning process and supportive messaging can be supportive areas with minimal cost.

A significant amount of work by all partners has been invested into this process and we ask that the EP+ is given the time, opportunity and challenge that is needed to ensure it can meet the collective aspirations of the people of West Yorkshire.

Yours Sincerely,

H T Robinson

14th August 2023

Melanie Corcoran
Director of Transport Policy and Delivery
WYCA

Dear Melanie,

Enhanced Partnership Plus (EP+) Letter of Commitment

TLC Travel is proud to provide bus services for people who live and work in West Yorkshire through the current Local Bus Service Tendering Process. TLC supports the Bus Reform aspirations of the West Yorkshire Combined Authority (WYCA) to maximise the contribution of the bus system towards WYCA's Transport Strategy 2040, and to maximise deliverability of the Bus Service Improvement Plan (BSIP) by 2030, in turn improving the travel experience of citizens across West Yorkshire.

We support the work to develop an Enhanced Partnership + offer developed by the major bus groups, and smaller operators supported by our trade body Confederation of Passenger Transport (CPT) working with WYCA. The process has been able to demonstrate an enhanced partnership approach that maximises the capabilities, skills and experience of all parties, allowing all partners to deliver bus reform at a quicker pace, at minimum risk or cost to the public purse and removing the very real business loss risk to smaller operators a potential franchise led model may impose, even as an unintended consequence.

Small and medium size operators are crucial in supporting the overall West Yorkshire bus network and our contribution should not be understated. In the case of our own business, we have delivered hundreds of thousands of savings to the Authority through the competitive tendering process. By delivering precisely to the terms of contract, we perform to a high standard in terms of service delivery. We have worked closely with the Bus Network team to introduce alternative vehicles into areas where big buses are not compatible with the local geography. We have invested in new premises at our Bradford depot based off Manchester Road just outside the City Centre where we have created a central workshop creating new skilled jobs in a deprived area of the city. Our workshops support our smaller depots in all other districts of the county, and we now operate on a county wide basis.

The EP+ drive outcomes across five themes that underpin the objectives of WYCA's Bus Reform Programme: network, fares and ticketing, customer service and information, bus priority, and 'green and better vehicles,' which together also deliver benefits across the three sub-objectives of economy, environment and 'people and place' enhancing the contribution of the bus system towards the Combined Authority's Transport Strategy 2040

and wider policies. The EP+ has been developed through a process of workshops, with WYCA, Confederation of Passenger Transport (CPT) and West Yorkshire operator colleagues.

The commitments set out in the proposal pack have operator support and as we currently only operate Tendered services, we are committed to continue to work with WYCA as new terms and conditions are adopted to ensure a consistent approach across the West Yorkshire Bus Network.

- Common vehicle standards on new vehicles added to our fleet that may result in smaller operators benefitting from Group economies of scale.
- Light touch agreed brand on existing fleet and to fully rebrand where agreed on new vehicles to our fleet subject to contract awards.
- Supportive of branding agreements
- Working towards a 2036 zero-emission fleet (subject to funding) with support of wider partners. The cost of new vehicles and infrastructure costs for EV charging are significant and present a real threat to smaller operators and it's likely that a high proportion will withdraw completely from the market without support, the potential for community charging through the EP+ presents a lifeline for many small operators.

As a region, with stated Policy Aims and Climate Emergency Declarations, we do need to harness the increased political interest in delivering 'Better Bus Services' for the people of West Yorkshire to be matched by strong, supportive policy no matter the bus reform model.

Measures such as workplace parking levies, reviews of parking cost and policy, road-space allocation, better input into planning process and clear messaging can be supportive areas with minimal cost.

A significant amount of work by all partners has been invested into this process and we ask that the EP+ is given the time, opportunity and challenge that is needed to ensure it can meet the collective aspirations of the people of West Yorkshire.

Yours sincerely

P Lambert

Trish Lambert
Director
TLC Travel Ltd

Harrogate Coach Travel Ltd,
Unit 3, Southfield Lane, Tockwith, York, YO26 7QP
www. connexionsbuses.com
Telephone (01423) 339600

Letter of commitment to Enhanced Partnership+

15th August 2023

Dear Melanie,

Harrogate Coach Travel Ltd (Connexionsbuses) is proud to provide bus services for people who live and work in West Yorkshire, Connexionsbuses supports the Bus Reform aspirations of the West Yorkshire Combined Authority (WYCA) to maximise the contribution of the bus system towards WYCA's Transport Strategy 2040, and to maximise deliverability of the Bus Service Improvement Plan (BSIP) by 2030, in turn improving the travel experience of citizens across West Yorkshire.

We support the work to develop an Enhanced Partnership + offer developed by operators, our trade body Confederation of Passenger Transport (CPT) working with WYCA. Such a process has been able to demonstrate an enhanced partnership approach that maximises the capabilities, skills and experience of all parties. This can allow all partners to deliver bus reform at a quicker pace, at minimum risk or cost to the public purse and removing the very real business loss risk to smaller operators a potential franchise led model may impose, even as an unintended consequence.

Small and medium size operators are crucial in supporting the overall West Yorkshire bus network and their contribution should not be understated. We have stepped in to provide services that other larger operators deemed uneconomic and have developed them from this to be able to operate more sustainably. Our brightly branded buses stand out on York Road in Leeds, and as such, have generated approximately 20% more custom than when the previous operator ran them. We also stepped in to operate routes in Otley, minimising the cost to the CA, whilst maximising the services operated. We also operate services into the county from North Yorkshire, bringing visitors and workers alike.

The EP+ drive outcomes across five themes that underpin the objectives of WYCA's Bus Reform Programme: network, fares and ticketing, customer service and information, bus priority, and 'green and better vehicles,' which together also deliver benefits across the three sub-objectives of economy, environment and 'people and place' enhancing the contribution of the bus system towards the Combined Authority's Transport Strategy 2040 and wider policies. The EP+ has been developed through a process of workshops, with WYCA, Confederation of Passenger Transport (CPT) and West Yorkshire operator colleagues in attendance.

The commitments set out in the proposal pack have operator support and in our case being a smaller operator can set our commitments:

- Common new vehicle standards on new vehicles to our fleet
- Light touch agreed brand on existing fleet and to fully rebrand where agreed on new vehicles to our fleet
- Supportive of branding agreements
- Working towards a 2036 zero-emission fleet (subject to funding) with support of wider partners and physical possibility due to our location

As a smaller operator in both tendered and commercial environments, it must be recognised we may not have the financial ability to meet rapid change where cost is involved but we give a firm commitment of partnership to deliver and support the Enhanced Partnership + model.

As a region, with stated Policy Aims and Climate Emergency Declarations, we do need to harness the increased political interest in delivering 'Better Bus Services' for the people of West Yorkshire to be matched by strong, supportive policy no matter the bus reform model.
Measures such as workplace parking levies, reviews of parking cost and policy, road-space allocation, better input into planning process and supportive messaging can be supportive areas with minimal cost.

A significant amount of work by all partners has been invested into this process and we ask that the EP+ is given the time, opportunity and challenge that is needed to ensure it can meet the collective aspirations of the people of West Yorkshire.

Yours Sincerely,

Craig Temple

Craig Temple
Managing Director

E. STOTT & SONS LTD
COLNE VALE GARAGE
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MILNSBRIDGE
HUDDERSFIELD HD3
4PG

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NATIONAL AND
INTERNATIONAL
COACH TRAVEL
CONTRACTS
PRIVATE HIRE
FAX: (01484) 461463

15/08/23

Dear Melanie,

Enhanced Partnership Plus (EP+) Letter of Commitment

E.Stott & Sons Ltd is proud to provide bus services for people who live and work in West Yorkshire. Stotts supports the Bus Reform aspirations of the West Yorkshire Combined Authority (WYCA) to maximise the contribution of the bus system towards WYCA's Transport Strategy 2040, and to maximise deliverability of the Bus Service Improvement Plan (BSIP) by 2030, in turn improving the travel experience of citizens across West Yorkshire.

We support the work to develop an Enhanced Partnership + offer developed by operators, our trade body Confederation of Passenger Transport (CPT) working with WYCA. Such a process has been able to demonstrate an enhanced partnership approach that maximises the capabilities, skills and experience of all parties. This can allow all partners to deliver bus reform at a quicker pace, at minimum risk or cost to the public purse and removing the very real business loss risk to smaller operators a potential franchise led model may impose, even as an unintended consequence.

Small and medium size operators are crucial in supporting the overall West Yorkshire bus network and their contribution should not be understated. In the case of our own business, we operate a number of rural & semi rural services in and around Huddersfield.

The EP+ drive outcomes across five themes that underpin the objectives of WYCA's Bus Reform Programme: network, fares and ticketing, customer service and information, bus priority, and 'green and better vehicles,' which together also deliver benefits across the three sub-objectives of economy, environment and 'people and place' enhancing the contribution of the bus system towards the Combined Authority's Transport Strategy 2040 and wider policies. The EP+ has been developed through a process of workshops, with WYCA, Confederation of Passenger Transport (CPT) and West Yorkshire operator colleagues in attendance.

The commitments set out in the proposal pack have operator support and in our case being a smaller operator can set our commitments:

- Common new vehicle standards on new vehicles to our fleet
- Light touch agreed brand on existing fleet and to fully rebrand where agreed on new vehicles to our fleet
- Supportive of branding agreements
- Working towards a 2036 zero-emission fleet (subject to funding) with support of wider partners

As a smaller operator in tendered environments, it must be recognised we may not have the financial ability to meet rapid change where cost is involved but we give a firm commitment of partnership to deliver and support the Enhanced Partnership + model.

As a region, with stated Policy Aims and Climate Emergency Declarations, we do need to harness the increased political interest in delivering 'Better Bus Services' for the people of West Yorkshire to be matched by strong, supportive policy no matter the bus reform model.

Measures such as workplace parking levies, reviews of parking cost and policy, road-space allocation, better input into planning process and supportive messaging can be supportive areas with minimal cost.

A significant amount of work by all partners has been invested into this process and we ask that the EP+ is given the time, opportunity and challenge that is needed to ensure it can meet the collective aspirations of the people of West Yorkshire.

Yours

Carl Stott

Report to: **Melanie Corcoran, Director of Transport Policy and Delivery, West Yorkshire Combined Authority**

Copied to: **Mayor Tracy Brabin, Chair of West Yorkshire Combined Authority**
Councillor Susan Hinchcliffe, West Yorkshire Combined Authority

Date: **16th August 2023**

Subject: **Introducing the Enhanced Partnership+ to the West Yorkshire Bus Reform Programme**

Submitted by: **The Bus Operators of West Yorkshire, represented by:**
First Bus North & West Yorkshire (Kayleigh Ingham, Commercial Director)
Transdev (Paul Turner, Commercial Director)
Arriva Yorkshire (Kim Cain, Commercial Director)
Confederation of Passenger Transport (Andrew McGuinness, Regional Manager North of England) (representing smaller and medium sized bus operators (SMOs))

1. Context for this Report

1.1. Upon its launch, the West Yorkshire Bus Reform Programme referred to three models for pursuing bus reform: Franchising, the current Enhanced Partnership (EP) and an Enhanced Partnership Plus (EP+), with the detail underpinning these options having been pulled together by WYCA colleagues. Upon review, there was strong consensus amongst WYO that the EP+ as suggested by WYCA colleagues, whilst a solid base for building upon, didn't go far enough in its pursuit of bus reform. It was agreed that, by collaboration together and with WYCA, a revised, much more ambitious version of the EP+ could be submitted into the Bus Reform Assessment process for consideration alongside franchising.

2. Purpose of this Report

2.1. This paper distils the detail of the EP+, which builds substantially on the current EP. The Executive Teams across all major WYO, and across small and medium operators (represented within EP+ development discussions by CPT), have provided a Letter of Commitment (appended) to pledge their support and investment to the EP+ were it to be the chosen path for bus reform in West Yorkshire. This paper contains: An overview of the Commitments within the EP+, detail of how the EP+ aligns with the West Yorkshire Bus Reform Programme objectives and aims, and the supporting WYO Letters of Commitment.

2.2. As is required within a Bus Reform Assessment, per the Bus Services Act 2017, the EP+ is to be assessed objectively in a process of evaluation. WYO understand that the assessment will be finalised in August 2023, prior to audit submission, and thereafter a decision on whether

to progress to consultation at end of September 2023. WYO and CPT colleagues remain available to WYCA or other stakeholders for any required further discussions, to support this process through to its close.

3. Introducing The Enhanced Partnership+

3.1. This proposal is made in the context of the West Yorkshire Plan's 5 Objectives:

- A **prosperous** West Yorkshire, built on an inclusive economy with well-paid jobs.
- A **happy** West Yorkshire, full of great places and healthy communities.
- A **well-connected** West Yorkshire, held together by a strong transport system.
- A **sustainable** West Yorkshire, rich with greener lives and communities.
- A **safe** West Yorkshire, free of the fear of crime so everyone can flourish.

3.1.1. The section of the West Yorkshire Plan entitled "A well-connected West Yorkshire" details objectives to make buses more reliable and affordable, to build a fully integrated mass transit system, and to make active travel the easiest choice for short journeys. This EP+ proposal is aligned with and contributes to all elements of the West Yorkshire Plan, but naturally focusses on the contextual objective regarding transport.

3.2. It is recognised that the current system faces challenges, resulting in opportunity to increase patronage, to standardise customer service, and to lessen reliance on public funding. In response to this, Mayor Brabin pledged to 'bring buses back under public control, introduce simpler fares, contactless ticketing and greener buses.' Progress has been made via the West Yorkshire Bus Alliance to address challenges and deliver improvements for passengers, but it is mutually agreed between WYCA and WYO that changes need to go further, faster. The EP+ delivers upon Mayor Brabin's pledge, introducing a collective requirement for progress that will quickly deliver substantive benefits to customers, but that is low risk to WYCA, and bearing no requirement upon WYCA to raise funding for bus reform through a precept.

3.3. The EP+ is built upon the core principles of:

1. **A shared desire for change, with an unwavering customer focus**; Processes that enable continuous focus on customer satisfaction, evolution of the service to meet future needs, transparent collaboration to address problems and the reinvestment of benefits back into the network.
2. **Achieving West Yorkshire's Plan, underpinned by the Bus Reform Objectives and making a significant contribution to the aims referenced within the Bus Reform Needs Assessment**, namely responding to climate emergency, supporting ED&I across the region, and ensuring connectivity between areas of economic deprivation and major employment sites. The EP+ also aligns well with and supports the delivery of the recently published Mayoral Pledges.
3. **Contributing to the implementation of the WYCA Local Transport Plan,** to enable promotion and encouragement of safe, integrated, efficient and economic transport.
4. **'Achieving Bus Reform differently, quicker, cheaper' than is being done elsewhere within England**. All WYO are aligned with the suggested EP+ interventions per WYCA's 'Market Engagement Brief –March 2023,' however the West Yorkshire Bus Reform Programme

outcomes can be achieved with less risk to WYCA, more quickly and whilst constituting better value for money for taxpayers than the alternatives presented within the Bus Reform Assessment.

5. **Delivering a bus reform model that works for operators of all sizes**, in a way that franchising cannot. The EP+ will ensure that a mix of large and small operators remain viable as employers within West Yorkshire into the future.

3.4. The EP+ delivers upon these principles by:

- Committing support to the delivery of the West Yorkshire Mass Transit 2040 Vision.
- Creating a unified brand for bus in West Yorkshire, supported by improved information provision and enhanced customer services.
- Achieving a 100% zero-emission bus fleet by 2036.
- Giving the West Yorkshire public more control of the bus network, by introducing a Network Management Group overseen by WYCA. This makes WYCA the decision-maker, operating within a clear framework of design objectives and principles such that positive changes are given appropriate focus, and negative changes are quantified and consulted upon.
- Innovating in the delivery of local bus services, harnessing these for wider economic and social benefit across West Yorkshire.
- Delivering a simpler fares structure, enhanced ticketing solutions, and incentivising and rewarding bus usage.

3.5. The effectiveness of the EP+, were it to be the chosen path for bus reform, will be measured regularly within an agreed and transparent framework, with WYO and WYCA being held to account by the WYCA Transport Committee for delivery. Bus operators are also held to account by the Traffic Commissioner, as WYCA can report any operator which fails to meet its EP commitments to the Traffic Commissioner who can take regulatory action.

3.5.1. Suggested KPIs are: increasing public transport patronage growth, increasing customer satisfaction (NPS), decreasing the number of customer complaints, increasing the response to (and usage of discounts within) promotional campaigns, improving bus network reliability and punctuality (with immediate focus on Bus Priority schemes), reducing bus journey times and thereby improving bus network sustainability (with a reducing reliance on public funding), staying on track to deliver 100% of zero-emission buses by 2036, achieving modal shift from car to bus use, and critically, improving the sentiment and statistics regarding the level of safety, particularly for women and young girls, across the bus network. As part of the formal drafting of the EP, these KPIs would be converted into SMART targets and thereafter measured to a mutually agreed cadence, with reporting on these statistics to the EP Board.

3.6. There is confidence amongst WYO in the successful delivery of these KPIs, with the benefits of working in collaboration as a multi-operator group having been proven, within the West Yorkshire Bus Alliance (which evolved into the West Yorkshire Voluntary Partnership), and the West Yorkshire Ticketing Company Limited (WYTCL).

3.6.1. The West Yorkshire Bus Alliance has delivered several significant outcomes including an all-operator under-19s fare deal (aligning to 3 simple single fares stages and effectively replacing single operator day tickets through a simpler multi-operator offer), improved on-street information, and retro-fitment of low emission exhausts, helping meet Bradford's recent CAZ.

3.6.2. In addition, the Alliance partnership has helped deliver substantial funding allocations including the £70m BSIP over 3 years and has co-funded decarbonisation that will deliver 136 new EVs (total cost of £54m) into West Yorkshire by the end of 2024/ early 2025. This follows on from investment made by WYO as part of the Connecting Leeds programme, which saw extensive fleet renewal and the rollout of Euro 6 emission standard buses as part of the since aborted Leeds Clean Air Zone.

3.6.3. The West Yorkshire Ticketing Company Limited (WYTCL) provides another solid example of successful multi-operator collaboration with WYCA. The WYTCL is a long-established joint venture between bus operators, rail companies and WYCA, which manages the multi operator ticketing scheme "MCard". MCard has evolved as part of the BSIP to provide the default product for day tickets for adults, following an initial implementation in 2019 for young persons. As part of the EP+, MCard will be the default season ticket product for all. This gives WYCA strong influence over future ticket pricing. The WYTCL also acts, and can continue to act, as a funding conduit for collaborative projects. This mechanism is currently used for operator contributions to Metroline, bus shelter cleaning, journey planning, and the MCard marketing plans.

3.6.4. Strong WYO collaboration was also evident across the implementation of the 'Mayors Fares' Scheme, and across projects under the pilot EP schemes, such as the A61 Scheme. A joint effort to deliver a driver recruitment portal helped encourage more people into employment and addressed driver shortages. Lastly, WYO successfully collaborate with, and invest in the Ahead Partnership on a wide-reaching programme of engagement with young people through their schools and colleges.

3.7. As the EP+ builds on existing arrangements, it is possible to implement some EP+ commitments immediately upon approval of the Scheme. Table 1 within section 4, below, provides a timeline for each commitment.

3.8. The benefits of bus reform, under any regulatory regime, will only be fully realised with complementary measures to address planning and land use policy, road space allocation and parking policy (in terms of supply, pricing and stay duration). In committing to the EP+, WYO request reciprocal commitment from WYCA to support the delivery of EP+ commitments, but especially within the remit of Bus Priority, where WYO are reliant upon Districts to make sufficiently ambitious the statutory Local Transport Plan and Bus Priority objectives, and then to deliver upon these. Without such commitment from the local authorities, the benefits of the EP+ will not be fully realised despite the commitments of WYO.

3.9. WYO understand that the EP+ is to be assessed in a process of evaluation from August-October 2023, following which a decision will be taken on whether to pursue the franchising model or the EP+ model. In carrying out that evaluation, WYO believe it is appropriate to highlight that WYO were advised that only measures for which WYO can guarantee their own funding (that is, not including any publicly funded measures – even if these are the same measures that would be delivered under franchising) can be considered in the evaluation of the benefits. Whereas, for franchising, WYO believe that WYCA can commit to levels of public expenditure in the making of a franchising scheme.

3.10. As the largest operator in West Yorkshire, First West Yorkshire recognises the depth of its responsibility in delivering this EP+. Therefore, beyond the far-reaching commitments of this proposal, First Bus has set out additional commitments that would be delivered in a legally binding

partnership with WYCA should the decision be made to proceed with a new EP. These commitments are clarified within this proposal and confirmed within the separate Letter of Commitment.

4. An overview of the commitments within the Enhanced Partnership+

4.1. WYO, by collaboration together and with WYCA, seek to meet the two overarching objectives (and eight subobjectives) of the WYCA Bus Reform Programme. Achieving these objectives would help to support the bus market in West Yorkshire, allowing for improved customer service and financial stability. It would also strengthen the role played by the bus system in supporting the region's economic growth, decarbonisation and placemaking (in alignment with the aims referenced within the Bus Reform Needs Assessment).

4.2. There is recognition that these policy-led objectives need to be balanced against the need for the bus system to be affordable, deliverable, and to offer good value for money. This has been thoroughly considered throughout the development of the EP+.

4.3. The table below sets out the intervention areas within the EP+, the commitments and initiatives that underpin these intervention areas, and the resulting outcomes for West Yorkshire's bus customers and citizens.

4.4. It is understood by WYO that a decision regarding the preferred bus reform model will be taken in March 2024, with implementation to follow. In the case the decision to proceed with EP+ is made in March 2024, WYO stand ready to implement the new EP. The table therefore reflects this timeline, for example, 'within 3 months of EP+ go live' assumes that if the EP goes live in April 2024, therefore this commitment would be implemented by July 2024. Where 'Spring 2024' is referenced within this document, this assumes a decision to proceed with the EP+ has been made in March 2024.

Table 1 – EP+ Commitments and Resulting Outcomes for West Yorkshire Customers

Intervention Area	Key Commitment and initiatives	Funding	Delivery Timescale	Outcome for customers
A Publicly controlled bus network to deliver a well-connected West Yorkshire.	A WYCA-led Network Management Group (NMG), comprising Officers and operators, that together determine the network changes needed to meet customer requirements, on the basis of shared objectives	Within current resource	Within 3 months of EP+ go live	• An integrated network that enables enhanced connectivity, resulting in reduced car dependency

	Transparency regarding route performance, patronage levels (and other key KPIs), via proactive data sharing with WYCA			• Improved bus network reliability • An empowered public with a stronger voice and active role in shaping their bus network • A reduced reliance on public funding
	Agreed process for network re-investment where benefits (such as saved resources) have been realised from public capital investment			
	A collaborative approach to strategic development of the public transport network, including urban and rural initiatives, resulting in WYO-funded innovative network developments, delivering 3 innovation projects per annum	WYO	In place within year 1 of EP+ go live	
	Commitment to supporting the development of mass transit proposals, and to support WYCA in designing the optimum Scheme	Within current resource	Now	
Simpler Fares & Integrated Ticketing	Effective replacement of ticket options with a streamlined and simple WYO ticket range based on U19 model delivered via WYTCL and marketing support	Within current resource	Complete within year 1 of EP+ go live	• Best value with capped fares and flexible ticket options, offering cost-effective choices

	Delivery of multi-operator contactless capping as an early adopter of Project Coral rollout		Complete within year 1 of EP+ go live, subject to Project Coral timescales	• Simple 'search, book and travel' processes • Joined up fares & journey planning information • Cheaper travel on targeted routes
	Introduction of pre-9:30am free travel for ENCTS passholders	WYCA	Within 3 months of EP+ go live	
	Funding of initiatives including a 'Passenger Incentive Programme' and a local fund for Districts. The objectives are to showcase 'value for money' travel, provide loyalty reward and implement targeted fare trials and discount offers	WYO	In place within year 1 of EP+ go live	
	Display multi-operator best value fares within journey planning functionality	Joint – WYO and WYCA	By close of 2025	
Enabling 'Bus Priority,' for faster, more reliable Journeys	Creation of an 'Oversight Group' to identify and prioritise areas of focus	Within current resource	Within 3 months of EP+ go live	• Faster journey times • Improved bus network reliability
	Enhanced sharing of data with support for & collaboration with WYCA to build strategic cases for schemes to work towards an agreed target of bus priority measures	WYO	Within 6 months of EP+ go live	
	Provision of resource into Urban Traffic Control Teams in all 5 Districts	WYO		

	WYCA to use Key Route Network powers to better manage highways	WYCA	In place within year 1 of EP+ go live	
Better Journeys for West Yorkshire Customers	Unified West Yorkshire brand	Joint – WYO and WYCA	Within 6 months of EP+ go live	• Better service quality and standards; Ease when reporting issues and incidents, with streamlined processes for providing feedback and addressing concerns • Enhanced safety and security, ensuring a safer travel environment for customers, with a specific focus on the safety of women and young girls • Standards support increased awareness and loyalty
	Fleet rebrand across all in service buses	WYO	80% within 3 years, 100% completed within operator repaint programme	
	Enhanced, streamlined customer service processes, and information provision	Joint – WYO and WYCA	Within 6 months of EP+ go live	
	Establish a new 'Safety Partnership'		Within 3 months of EP+ go live	
	Introduction of Passenger Forums		Within 6 months of EP+ go live	
	Agree standard interior bus specification for all new buses	WYO	Within 6 months of EP+ go live	
	Enhanced in-service, on-bus cleaning programme			
	Additional customer service training for frontline staff		Commence within year 1 of EP+ go live	
	Improved digital information on bus through 4G upgrade investment		Complete within year 1 of EP+ go live	
A Green Network	100% zero-emission bus fleet by 2036 by maximising partnership funding opportunities	WYO	2036	• Improved air quality across West Yorkshire • Creation of jobs and supporting skills & training development
	'Green Excellence Transport Hubs' offering charging facilities and local skills development		Within 6 months of EP+ go live	

	'Green Team Taskforce' to support delivery of environmental targets			

5. A Publicly Controlled Bus Network, to deliver a well-connected West Yorkshire.

5.1. The following initiatives form the commitment set, that will enable to delivery of a publicly controlled bus network, to deliver a well-connected West Yorkshire.

5.2. These commitments will give the significant control of the bus network sought by WYCA and Mayor Brabin. They will deliver real benefit to customers by harnessing the complementary skills and expertise of WYCA and WYO to manage and redesign the bus network. Data sharing and publication is at the heart of this section of the EP+, together with enhanced engagement and consultation.

5.3. A Network Management Group (NMG) will be established under WYCA's leadership, comprising officers and WYO, who will collaborate to recommend network development and changes. The NMG will be formed immediately upon approval of the EP+ in Spring 2024, with Terms of Reference, objectives, etc. prepared in the interim period.

5.3.1. The NMG will be responsible for:

- Proposing plans to expand and integrate the network.
- Enhancing punctuality and reliability.
- Formulating Service Level Agreements (SLAs) for key routes and optimising tendered services – using Qualifying Agreements where necessary to co-ordinate between operators seamlessly.
- Jointly addressing performance issues through route-level financial and operational evaluations.
- Consulting on proposal with customers and stakeholders.

5.3.2. A programme of local network reviews would be undertaken on a programme basis by the NMG. This would identify the optimum network, to be supported by Qualifying Agreements, considering:

- Integration – so that customers can connect to other modes such as rail services, future mass transit services and cycling.
- Convenience – ensuring the majority of West Yorkshire's residents can access a bus within 400m during the day with access to key facilities, either directly or within one change. WYCA engagement with WYO should identify opportunities to deliver complementary service frequencies in the evenings and at weekends.
- Punctuality and reliability – as the key drivers of sustained bus usage.

- Frequency – delivered either as a single route or co-ordination between routes and operators under Qualifying Agreements and with minimal variation.

5.4. Where projects, such as bus priority or a network co-ordination exercise, using Qualifying Agreements, deliver a benefit to WYO as a result of public capital investment, WYO commit to reinvest the benefit (usually via resources) back into the network to improve bus services elsewhere. The NMG would identify priorities and agree how to 'spend' this reinvestment.

5.4.1. Examples of benefits to WYO are: 'saved buses,' i.e., fewer buses are needed to deliver the timetable because it is faster, or because timetables have been co-ordinated between WYO. Benefits could also be due to lower operating costs because buses are faster, or due to significant customer and (resulting) revenue growth, e.g., due to a restraint of other modes.

5.4.2. Examples of how these benefits could be reinvested are:

- Redeploying the saved buses on the same corridor to increase frequency – this is a simple option and may lead to compound benefits.
- Using the saved cost associated with those buses (on the same corridor or others) to extend operating hours, improve evening frequencies, and/or provide night buses – again a straightforward option with compound benefits.
- Investing the saved cost to promote the corridor, e.g., with a special price promotion, or a focused marketing campaign.
- Deploying the value elsewhere, e.g., to increase a tendered service or to provide a new one. This has complexities within it, because this may not be possible within the operating area of the operator involved. In that case, the operator could either:
    - Pay the benefit directly to WYCA's tender budget. this could be done by offsetting monies due from WYCA to the operator.
    - Pay increased departure charges or other facility costs to release the benefit.
    - WYCA can use de minimis powers and "resource tendering" where an operator is unable to deploy a value-add resource into its own network. In this scenario, a sum would be paid to the 'giving operator' to add its resource(s) to augment another operator's service(s).

5.4.3. Savings can be determined using an initial modelled output before the scheme, which proves that the same timetable can be achieved with fewer buses, followed by an initial review post implementation which confirms that performance after (for example) 6 months.

5.5. WYO commit to sharing data to encourage increased customer and stakeholder engagement with the management of the bus network, and to facilitate the prioritisation of network enhancements via the NMG. Agreed thresholds, aligned with customer focussed KPIs (such as customers per km, punctuality, or financial performance), would trigger a review of services (as outlined in 5.3.2.).

5.5.1. Table 2 below sets out the data sharing protocols, which are to be implemented within the first month following approval of the EP+.

5.5.2. It should be noted that WYO requested (of WYCA) a list of data items that should be received by either WYCA or made public under the EP+. This list was not received thus the below table summarises the data items that WYO anticipate are required. In the case that further data items are required, WYO ask of WYCA to provide the requested list for review.

Table 2 – Data items to be shared with WYCA and/ or to be published under the EP+

Data Item/ Report	**Frequency of information provision from WYO**	**For WYCA only (i.e., data is confidential between individual operator and WYCA), or for publication**	**Purpose**
Raw passenger boarding data by location and ticket feed from our WYO ticket machines	Daily download	For WYCA only	To track performance; inform bus priority design and monitoring, to assist network design
Route performance analysis	Monthly	For WYCA only	For bilateral discussions between individual operators and WYCA to determine whether routes need attention (change/ improvement)
Audited annual patronage figure for each route, along with its operated kilometres (similar to the model implemented by Transport for London)	Annual	Public	So that customers and stakeholders can measure the performance, growth and development of their local service

5.6. Leaning upon the recommendations of the NMG, WYO commit to funding and delivering a minimum of three 'network innovation' projects per annum. These projects will include both urban and rural initiatives, with the objectives of a) increasing connectivity and, b) adapting the network to reflect evolving travel demands. The provision of services to/from healthcare and education facilities will be prioritised. This fund will be made available within the first month following approval of the EP+ and will be funded by WYO.

5.6.1. 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 EP+ implementation, between First West Yorkshire and WYCA. The NMG will jointly decide the best use of the 50% share received by WYCA.

5.7. The criticality of the West Yorkshire Mass Transit 2040 Vision is at the fore of the EP+. The NMG would conduct local network reviews (as referenced here in section 5) to enable a transition from conventional bus to mass transit, where this is identified as a future target (and even

where the mass transit solution is not bus). This will ensure WYO and WYCA can together reshape the network to deliver the Mass Transit Vision. WYO resources can be made available to attend programme meetings and/ or provide requested information immediately upon approval of the EP+.

6. Simpler Fares & Integrated Ticketing.

6.1. The following initiatives form the commitment set, that will enable to delivery of simpler fares & integrated ticketing.

6.2. These commitments deliver simple ticket options that offer the best value ticket, with minimum effort required by the customer. West Yorkshire already offers a simplified ticketing range that is ahead of many other regions thanks to the close collaboration of WYO through the WYTCL. The EP+ builds upon this further to drive unrivalled simplicity across the search, book & travel processes.

6.3. WYO commit to champion and lobby for West Yorkshire as an area of priority for Project Coral rollout, to begin immediately upon approval of the EP+. The largest operators have already invested in contactless ticketing and Tap Out readers, enabling Tap On, Tap Off ticketing on their own operator products across West Yorkshire. WYO worked with WYCA through the BSIP process to secure funding for tap out readers, including for SMOs, but the minimum requirement is that operators have EMV capable ticketing equipment which most already have via the Ticketer machines. As a result, WYO are in a prime position to deliver Project Coral to enable multi-operator fare capping. This will ensure that customers can achieve a best value capped fare when using their bank card or contactless device, as soon as possible.

6.4. WYO will, during 2024, introduce a streamlined and simplified West Yorkshire ticket range, that will be accepted across all operators. This will include day and weekly tickets, plus longer periods, that are currently available through MCard, but these will be priced so that customers get the best value and therefore will become the default purchase choice. WYOs will standardise ticket definitions including a review of geographic boundaries, ages, term dates, and capping methodology, i.e., day, week, rolling week. Once aligned, all tickets will be available for retail through West Yorkshire Metro and MCard, to ensure both consistency and efficiency.

6.4.1. WYO will align and revise retail marketing in accordance with the new West Yorkshire ticket range (see 6.4.) to ensure customers are aware of best value products.

6.5. Upon approval of the EP+, WYO will make available to Districts an annual fund to be used to develop and implement local multi-operators fares initiatives. WYO will engage with District Councillors regarding ‘target’ corridors/ geographies/ demographics and propose to the EP+ Board use of the fund for fares trials. The EP+ Board will agree and measure the trials for effectiveness and longevity of offer.

6.6. WYO commit to reviewing adult fares structures in alignment with the principles and delivery mechanism of the existing ‘hop, skip, and jump’ 3 fare bands available for under 19s. This can be achieved when the existing WYCA subsidised fare cap ends, on a commercial basis. In

the event that WYCA funding could be made available to support this initiative, an assessment could be undertaken to extend this commitment across all fares.

6.7. A comprehensive passenger incentive programme will be delivered by the close of 2025, to provide tailor-made, discounted, and free travel offers that drives loyalty towards bus use, encourages a 'return to bus' for straying users, and generates new users. This will be a commercial offering by WYO via WYTCL that rewards customers for loyalty in a similar way to customers who purchase season tickets receive a loyalty discount, or that offers discounted tickets for new users as 'taster tickets'.

6.8. WYO commit to developing journey planning functionality, to instantly display multi-operator best value fares by the close of 2025. Where 'one app' is the chosen route for ticket distribution, WYO are open to discussing with WYCA a contribution to the development of these two projects outside of their individual operator digital platforms.

6.9. As soon as Spring 2024, free concessionary travel before 09:30hrs can be added into the West Yorkshire Concession Scheme provided that WYCA undertake to reimburse operators on the same basis for these new trips as is already the case for ENCTS card holders at other times.

6.10. Ahead of Mass Transit being implemented in West Yorkshire, WYO will work with WYCA to support the design and implementation of simple, multi-modal ticketing that replaces or complements the existing multi-operator customer proposition, to enable seamless end-to-end journey planning.

7. Enabling 'Bus Priority,' for faster, more reliable Journeys.

7.1. The following initiatives form the commitment set, that will enable 'Bus Priority,' for faster, more reliable Journeys.

7.2. These commitments ensure WYO are fully supporting, engaging and driving the approach to infrastructure that maximises bus priority in West Yorkshire, and therefore delivers faster journeys. With significant (yet unused) funding available for infrastructure in the BSIP and CRSTS pots, there is the opportunity for a step change in customer experience on some corridors, and there is potential for further funding to be secured in the future. The Bus Priority commitments are complemented by commitments under section 6 of this EP+ proposal, where it is proposed that benefits from faster journeys are reinvested back into network to give a virtuous circle of improvements to customers. Data sharing protocols, as per 8.5., will be established to set baselines and ensure schemes are well evidenced and monitored.

7.3. Immediately, WYO commit to fully engaging and supporting WYCA's leadership on implementing current outlined Bus Priority schemes and developing new schemes to secure more funding for such measures.

7.4. Upon approval of the EP+, to assist the delivery of the step change required within bus priority across West Yorkshire, a 'Bus Priority Oversight Group' will be established. This will be governed by WYCA, to provide strategic oversights and to keep track of existing schemes and potential funding opportunities. Responsibilities of the Bus Priority Oversight Group will include:

- Setting and reporting on:
    - Bus frequency standards.
    - Emissions standards, with bus priority corridors prioritised in zero-emission bus plans.
    - Red Route standards.
    - Target bus and non-bus journey times.
- Traffic Light priority rollout.
- Active Travel integration.
- Delay and disruption mitigation.
- Parking offence enforcement.
- Bus priority measure enforcement (or measures designed to be self-enforcing).
- Enhanced roadworks management and coordination protocols, such as local authorities using 'Key Route Network Powers' to better manage highways.

7.5. To recognise the criticality of Bus Priority progress to key corridors across West Yorkshire, WYO commit to increasing resources associated with Bus Priority. For example, from Spring 2024, increased WYO resources will support WYCA with data provision (e.g., bus punctuality and occupancy data at all signalised junctions where these are requested by WYCA), to provide insight for schemes that work towards an agreed target of bus priority benefits across West Yorkshire.

7.5.1. WYO commit to providing control resource into the Urban Traffic Management Control (UTMC) centre across all five Districts to improve bus flows and aid the coordination of major disruption and events. This resource will be made available within the first quarter of the EP+ being approved, funded by WYO.

7.5.2. First West Yorkshire commits to increasing its local Network team to support WYCA with the delivery of Bus Priority measures and the development of Bus Priority schemes for the good of all involved within the Partnership. This resource will be made available within the first quarter of the EP+ being approved. It is suggested that this resource will lean upon support from third parties such Prospective or City Swift to interrogate and provide to WYCA data on network usage, pinch points, passenger journey delay time & punctuality.

7.6. In Spring 2024 and on an ongoing basis as required, WYO commit to set service and quality level agreements for the affected corridors, to ensure full benefits are realised. Commitments herein are backed up by the provisions in the EP legislation for the Traffic Commissioner to take actions against operators who do not meet their EP commitments.

8. Better Journeys for West Yorkshire Customers.

8.1. The following initiatives form the commitment set, that will enable the delivery of better journeys for West Yorkshire customers.

8.2. These commitments put customers at the heart of our shared ambition to develop a truly integrated transport system. This approach will create a strong sense of pride in a customer-centric bus network that connects the vibrant Districts of West Yorkshire, by recognising that the satisfaction and wellbeing of customers are pivotal to the success and reputation of a sustained increase in public transport mode share.

8.3. WYO commit to a unified brand for bus in West Yorkshire, and WYO request of WYCA to engage immediately in the preparation for this process. Prominently featured across buses, online platforms and on street, a unified brand is crucial to enhance the overall customer experience for West Yorkshire bus. By having a distinct and recognisable brand, customers will easily identify and trust the services, instilling a sense of pride and place in the local community and fostering a sense of familiarity and reliability.

8.3.1. The branding strategy will be WYCA-led, in consultation with WYO, to ensure that the brand's development brings together expertise from WYO, whilst aligning to the West Yorkshire Plan. This approach will bring coherence and unity to the public transport system, whilst capturing the culture and values to resonate and unite West Yorkshire residents.

8.3.2. WYO commit to jointly developing a brand implementation plan as soon as possible, following engagement by WYCA with WYO in the ongoing brand strategy development. This will create a strategic asset renewal timeline, ensuring that buses and related infrastructure are updated and improved for the benefit of customers.

8.3.3. WYO commit that all new buses will be ordered with West Yorkshire branding, and WYO will rebrand current fleet at a minimum in accordance with their BAU repaint programmes of fleet.

8.3.4. First West Yorkshire will rebrand its full West Yorkshire fleet within three years of the EP+ proposal being approved; Over 200 First buses will reach West Yorkshire roads each year within the new, unified livery, with the first 200 landing before Spring 2025.

8.4. Journey planning is a critical 'hook' into the bus network, and as such journey planning tools must be continuously improved. WYO commit to provide simple and easy-to-use journey planners, coupled with real-time tools displaying the best value fares, empowering customers with essential information for making informed travel decisions.

8.5. Within 6 months of the EP+ being approved, WYO commit to establishing a single initial contact point for customer services, to make it easy for customers to enquire or report a problem. This will vastly simplify the complaint and issue resolution process, resulting in enhanced customer satisfaction.

8.5.1. To support the resolution of queries once the initial contact has been triaged (per 8.5.), Service Level Agreements (SLAs) will exist between WYCA and WYO to ensure adherence to clear standards. This approach will hold each party to account for delivering excellent service. Sharing of performance versus KPIs will be reported regularly via both the EP Board and via public performance communications.

8.6. Within 6 months of the EP+ being approved, WYO commit to enhancing and expanding the Customer Charter, to outline specific rights and benefits that West Yorkshire customers can expect, and to publicise the agreed SLAs (as referenced in 8.5.1.). All contact centre functions will follow processes and utilise policies based upon the revised Customer Charter, to enable a standardised approach.

8.7. Immediately upon approval of the EP+, WYO commit to formalising and where required, expanding, the current 'Husky' protocol to minimise delays and inconvenience to customers in the instance of weather-related disruption.

8.8. To the timeframe that WYCA requires, WYO will support WYCA in the comprehensive rollout of the Network Navigation project across all Districts of West Yorkshire, to improve accessibility and connectivity for all residents.

8.9. Investment will be made within 4G (and where feasible for WYO, smart hub) technology, to substantially enhance the quality of customer information on bus and at bus stops. This investment has started already across major WYO and will continue into 2024 and beyond.

8.9.1. First West Yorkshire commit to rolling out 4G and smart hub technology across, at a minimum, one fifth of its full West Yorkshire fleet per annum from Spring 2024, until the full First West Yorkshire fleet is 4G- and smart hub-enabled.

8.10. Enhanced, standardised customer service will be delivered. The basis for this is a new customer service training module, which will be rolled out to all frontline staff, and which will exceed the current CPC requirements to ensure exceptional service. The customer service training module will be developed within 6 months of the EP+ proposal being approved, and once implemented, will be rolled out to all new drivers within their initial training. Current drivers will be required to complete this training within 3 months of it being implemented, meaning that all drivers will be trained by the close of Spring 2025.

8.11. WYO commit to enhancing their on-bus cleaning programmes, to maintain a high-level of cleanliness throughout the operating day across key corridors, ensuring passenger comfort and improving the perception of bus amongst customers.

8.12. A standardised and inclusive interior specification will be agreed upon by WYO for all new buses, guaranteeing full accessibility for passengers, including those with mobility challenges. The design will incorporate provisions for wheelchairs and pushchairs, along with priority seating, and audio/visual 'next stop' information. This design will be agreed upon within the first year of the EP+ being approved, and thereafter included within all new design specifications for new buses. For clarity (as requested by WYCA), this includes SMO (albeit as do other commitments within this EP, as will be reflected within the 'making of the EP,' were it to be the selected model for reform).

8.13. A safety partnership will be established in conjunction with key external partners and groups, to continuously improve safety measures on public transport incorporating the West Yorkshire Mayors dedicated PCSOs. WYOs will share intelligence of anti-social behaviour on the network, with a particular focus on locations where the safety of women and girls can be improved. WYOs' drivers have visibility across West Yorkshire every day and with CCTV fitted on all vehicles, images can be shared of perpetrators, and WYO will continue to provide vehicles for 'Trojan Bus' activity.

8.13.1. WYO are open to discussing with WYCA the funding of PCSOs to demonstrate WYO commitment to safety across West Yorkshire, in support of Mayoral Pledges.

8.14. Immediately upon approval of the EP+, WYO commit to participation in the 'Behaviour Change Activity' programme.

8.15. WYO asks for WYCA to host regular passenger forums across all Districts of West Yorkshire, with representation from all demographics and accessibility groups. This aims to elevate the customer voice in decision-making and will lead to more customer-centric policies and services. WYO will ensure sufficient representation at each meeting. WYO suggest a similar approach to the prior held District consultation committees, which more recently have stalled. WYCA should advise if new resource if needed to support this commitment.

9. A Green Network.

9.1. The following initiatives form the commitment set, that will enable to delivery of a green network.

9.2. The collaborative approach outlined herein demonstrates that WYO are working towards reducing emissions and contributing to environmental improvement activity 'beyond bus.' With available funding, WYO will meet the zero-emission buses target, ensuring the fleet operates with an ever-reducing environmental impact and with 100% zero emissions by 2036. WYO also aim to create new green job opportunities, contributing to the growth of sustainable employment across West Yorkshire, and will offer community, customer, and business charging facilities at bus depots, enabling efficient and accessible power for electric vehicles. Through these initiatives, WYO strive to foster a sustainable and environmentally conscious transport system that benefits both the climate and West Yorkshire communities.

9.3. WYO have already demonstrated a successful working partnership with WYCA in bidding for grant funding (e.g., Zebra) for electric vehicles. By 2024 this partnership, together with WYO co-funding, will mean that over 10% of the West Yorkshire bus fleet will be Zero-Emission. This has been achieved in collaboration between WYCA and WYO who have been able to access expert knowledge in procurement and infrastructure, supported by substantial financial backing.

9.3.1. WYO commit to delivering a 100% zero-emission bus fleet by 2036, subject to available funding and leaning upon the expertise within WYO that has already ensured the delivery of the zero-emission buses referenced in 9.3. Based on current variables, meeting the 2036 target

would represent a net investment over £350m over 13 years, with additional infrastructure and supply grid costs. To support this target, WYO agree (subject to funding bid requirements, competition law and internal guidance) to work together on funding application bids with WYCA.

9.3.2. First West Yorkshire commits to meet Euro 6 emission standards across its full West Yorkshire fleet by the close of 2024. This will require significant capital investment in seat belted school vehicles.

9.3.3. Further, First West Yorkshire commits to deliver a 100% zero-emission bus fleet across First Leeds depots by the close of 2030, and similarly, to deliver a 100% zero-emission bus fleet across Yorkshire West (Huddersfield, Halifax and Bradford depots) by 2035. Where there are evidenced, consistent air quality issues within Yorkshire West Districts, First will collaborate with WYCA to expedite an earlier delivery of zero-emission buses. Thorough consideration will also be given to the support of Bradford Council's progressing hydrogen programme.

9.4. 'Green Excellence Transport Hubs' will be setup as depots are decarbonised. The first Hub will be established at Bramley Depot, Leeds in April 2024. Hubs will be developed in partnership, offering electric vehicle charging to small and medium bus operators and community service vehicles with opportunities for both business and customer charging, leaning upon the extensive WYO experience of such rollout, e.g., First Bus' rollouts in Leicester and Caledonia. Rollout of the 'Hubs' will be dependent on depot decarbonisation and progress will be reported through the EP Board.

9.4.1. Green Excellence Transport Hubs will work with skills and employment providers for the development and training of green transport jobs and apprenticeships, to specifically support the Mayoral Pledge to create 1,000 well paid, skilled jobs for young people.

9.5. In April 2024, a Green Team Taskforce (GTT) will be formed with WYO & WYCA representatives, with academic support provided by the Institute of Transport Studies in Leeds. The aim of the Taskforce will be to enable the delivery of the zero-emission fleet by 2036, and to support the transition to Net-Zero bus depot operation. The GTT will report to the EP Board with specific actions including (1) analysis of zero-emission fleet performance and fuel technology opportunities, (2) engagement with suppliers, (3) identification and agreement on decarbonisation targets by route/ depot/ bus stations/ infrastructure/ interchanges and delivery, and (4) sharing best practice.

9.6. Common new vehicle standards will be agreed with WYCA, which will be upheld by all WYO for vehicles purchased beyond the EP+ implementation date. Specification for new vehicle deliveries would be determined upon agreement of the EP+ during 2024 and would align with the unified branding guidelines.

10. Alignment of the EP+ with WYCA's objectives.

10.1. The table below sets out how the commitments within this EP+ proposal align with the WYCA Bus Reform Objectives, and to the Bus Reform Aims Referenced within the Needs Assessment.

Table 3 – Alignment of the EP+ with the policy-led objectives set out under the WYCA Bus Reform Programme.

Objective of WYCA Bus Reform	Sub-Objective of WYCA Bus Reform	Alignment with the WYCA Bus Reform Objectives, and the Bus Reform Aims Referenced within the Needs Assessment, to deliver a well-connected West Yorkshire
The whole journey, enhancing the contribution of the bus system towards the Combined Authority's Transport Strategy 2040 and wider policies.	**Economy:** Supporting an integrated transport system which provides reliable and improved connectivity to the places where customers need to travel to for work, education, leisure, and access to services.	The key commitments that support this objective are: - An annual fund for innovative network developments, prioritising connectivity to places of education and places of employment, specifically to/ from areas of economic deprivation. - Data sharing protocols between WYO and WYCA, which will ensure the network adapts and responds to economic need.
	Environment: Establishing a transport network that helps to reduce the overall impact of transport on carbon emissions and air quality, and increases our resilience against climate change, including via zero-emission buses.	The key commitments that support this objective are: - The delivery of a zero-emission bus fleet by 2036, supported by the Green Team Taskforce. - Green Transport Hubs that will offer EV charging opportunities to local businesses, while providing training to creates new jobs and apprenticeships within green transport for young people
	People and place: Enabling a transport system that increases access in a safe,	The key commitments that support this objective are:

	inclusive way that encourages use of bus as part of a multi-modal network.	- A safety partnership incorporating the West Yorkshire Mayor's dedicated PCSOs, increasing safety, and the perception of safety, across West Yorkshire buses. - Ensuring ED&I policy is paramount to decisions taken within each WYO, such as proactively working to reflect the communities we serve in relation to ED&I recruitment. - Improved accessibility via standardised interior bus specifications (including provisions for wheelchairs and pushchairs, along with priority seating, and audio/visual 'next stop' information), and further rollout of the Network Navigation project.
Improved travel experience for citizens, maximising deliverability of the Combined Authority's Bus Service Improvement Plan by 2030.	**Network:** Taking people where they need to go, when they need to go, and catering to the complexity of modern travel patterns.	The key commitments that support this objective are: - WYO individually collaborating with WYCA on network design, overseen by the NMG, within a framework of data sharing that enables sustainable network improvement. - Where required, the use of Qualifying Agreements to implement improvements to the bus network.
	Fares and ticketing: Making paying for bus travel more affordable, easier, convenient, and flexible.	The key commitments that support this objective are: - Lobbying for West Yorkshire to be next in line for Project Coral rollout, to enable multi-operator fare capping.

		- Standardisation of ticket product ranges and ticket definitions, and alignment of retail marketing. - An annual fund to deliver fare initiatives within Districts. - Reviewing adult fare structures in alignment with the 'hop, skip, and jump' 3 single fare bands available for under 19s. - Extending the free concessionary travel (to before 09:30hrs). - Developing journey planning functionality to display best value fares. - Delivering a comprehensive passenger incentive programme.
	Customer service and information: Providing passengers with the right tools to travel with confidence and help should their journey not go to plan.	The key commitments that support this objective are: - Establishing a central customer service contact point for seamless issue resolution - Expanding the Customer Charter to better define West Yorkshire customers' rights and expectations. - Delivering standardised, improved customer service training for exceptional frontline assistance.

	Bus priority: Journeying by bus is quicker, and a viable alternative to the private car.	Commitments that support this objective are: - Creation of an 'Oversight Group' to identify and prioritise areas of Bus Priority focus. - Enhanced use of third party and WYO data, and increased resource, to support the development of schemes. - Provision of control resource across Districts to better coordinate responses to disruptions and events.
	Green and better vehicles: Improving the onboard experience and making bus a sustainable choice for travel in West Yorkshire.	Commitments that support this objective are: - Implementing enhanced on-bus cleaning programmes to elevate comfort and consistency. - Common vehicle standards, for new entries to the fleet. - Delivery of a zero-emission fleet, the Green Team Taskforce and Green Transport Hubs as referenced above alongside sub-objective 'environment.'

11. Alignment of the EP+ with the Mayoral Pledges.

11.1. WYO have taken the opportunity to evaluate the EP+ proposals against the Mayor's commitments to the people of West Yorkshire. The EP+ represents a valuable contribution towards to fulfilment of these promises. The table below sets out this alignment.

Table 4 – Alignment of the EP+ Proposal with Mayor Brabin's Mayoral Pledges.

Mayoral Pledge	Alignment of EP+ Proposal to Mayoral Pledge
Create 1,000 well paid, skilled jobs for young people.	As the bus network grows, the EP+ will generate jobs within the remits of driving, engineering, and customer service. For example, from November 2023, First Bus will take its first Apprentice Drivers under a flagship programme to introduce more well paid, skilled jobs for young people within West Yorkshire. Each year from 2024, First West Yorkshire will employ over 150 new Apprentice Drivers. This is alongside the minimum. 5 Engineering Apprentices employed annually.
Prioritise skills and training to ensure everyone in West Yorkshire has the skills they need to secure work.	The EP+ will extend and expand the network, and provide value for money ticketing options, that will help people access these opportunities (as is also the case for the skilled jobs referenced above).
Support local businesses and be a champion for our regional economy.	The EP+ is delivered by local businesses (which may not be the case with franchising) which invest directly in the local economy and support a wide range of other local businesses providing engineering and administrative services. Green Transport Hubs will also offer EV charging opportunities to local businesses.
Lead a Creative New Deal to ensure our creative industries are part of the broader recovery strategy.	Innovation and technological development, particularly with fleet decarbonisation and new ticketing technology, will help drive local industrial innovation.
Appoint an Inclusivity Champion to work to ensure that the region's recovery benefits us all.	ED&I policy is paramount to decisions taken within each WYO, such as proactively working to reflect the communities we serve in relation to ED&I recruitment.
Recruit 750 more frontline police officers and staff to fight crime.	Bus operators in West Yorkshire will continue to provide free transport to police officers in uniform.

Put keeping women and girls safe at the heart of my policing plan.	A safety partnership incorporating the West Yorkshire Mayor's dedicated PCSOs has the aim of increasing safety, and the perception of safety, across West Yorkshire buses.
Bring buses back under public control, introduce simpler fares, contactless ticketing, and greener buses.	The EP+ increases the influence and control available to the public sector in West Yorkshire and delivers simpler, contactless fares and greener buses.
Build 5000 sustainable homes including council houses and affordable homes.	By improving the connectivity via measures outlined within the EP+, new homes can be provided as part of a package of sustainable development that maximises the value of available land (by reducing the need for garages driveways and parking spaces, instead using such land for personal and communal green spaces and leisure facilities to make such new housing developments attractive), particularly in urban areas of West Yorkshire.
Tackle the climate emergency and protect our environment.	The EP+ accelerates the West Yorkshire decarbonisation journey and will be further enhanced if local authority policy makes car use less attractive through appropriate land use, parking and road charging strategies.

12. Conclusion.

12.1. The above EP+ proposal is designed to align to the third 'mission' within the West Yorkshire Plan; To deliver 'a well-connected West Yorkshire, held together by a strong transport system.' WYO are committed to work proactively with WYCA and CPT, alongside other community partners, using the full scope of legislation to deliver maximum benefit to customers, alongside the greatest level of public control and influence possible. WYO are keen to get started and will do so as soon as a decision is made to proceed.

12.2. As requested, this EP+ proposal has been developed within current resource envelopes, identifying where any external support (funding or otherwise) is required. Increased funding will allow the partnership to supersize and accelerate its plans.

12.3. WYO look forward to the consultation period and will be delighted to work with WYCA colleagues to clarify any points raised.

Appendix 3.1 Bus Reform Lotting Strategy

WYCA Bus Reform Assessment

Lotting and Zoning position Paper

1. Introduction

WYCA is currently undertaking an Assessment of Bus Reform. This involves assessing options for future bus delivery. The Assessment includes three shortlisted reform options for the delivery of bus services, namely (i) Enhanced Partnership (the "reference case"), (ii) Enhanced Partnership Plus and (iii) Franchising.

In line with Bus Services Act 2017 and HMT Green Book Guidance, there is a requirement for WYCA to define the Franchising Option for the purposes of assessment. Under franchising, WYCA would assume responsibility for defining the network, as well as let franchise contract(s) to operators.

WYCA has defined a number of Commercial Success Factors (Outlined below with further description included) to assess each option against. In order to meet these objectives under Franchising, there is the need to define how the network would be contracted.

- **Public Sector Influence -** WYCA requires certainty that its investment will support its intended outcomes. The delivery option commercial model should allow WYCA to have influence over bus network outcomes.
- **Best Value -** The delivery option must robustly and transparently show that it is able to achieve a suitable combination of price and quality which will contribute to passenger affordability.
- **Driver of Competition between Operators -** The delivery option should be commercially viable for Operators and facilitate strong competition, whilst being compliant with relevant competition rules. The model must facilitate the participation of small and medium sized Operators and new entrants to the market by removing unnecessary barriers to entry.
- **Appropriate risk allocation -** The delivery option should allocate risks to the public and private sectors that they are most capable of managing. Risk allocation should be considered in relation to the delivery option, including fare revenue risk, operating cost risk, service standards and asset provision.
- **Ease of Implementation of option -** The delivery option must be practical to implement and put in place a model that is sustainable over time.

As a result, WYCA (through consultation with its advisors) has defined a Lotting Strategy, as set out in this paper. This paper is structured as follows:

- Section 2 sets out a series of overarching lotting assumptions
- Section 3 set out the approach to splitting the franchise area into zones
- Section 4 sets out the approach to lotting within Zones, including principles relating to school services
- Section 5 sets out some initial principles relating to franchise contracts
- Section 6 sets out the rationale for the ordering of procurements of contracts

As described above, the approach and principles set out in this paper are for the purposes of informing the Franchise Assessment, and further detailed analysis and refinement of zoning and contracting will be carried out as part of the implementation process, should the decision be taken to pursue franchising.

2. Overarching Lotting Assumptions

The following section details the key assumptions behind the overall strategy and highlights how a developed lotting strategy can be utilised to promote the delivery of the overarching objectives of the assessment.

The overarching objective of the strategy is to effectively manage and plan the potential transition from the existing deregulation to franchising in the West Yorkshire bus market under franchising, for the purpose of the assessment.

Creating an approach to how services in the region would be allocated to zones and franchise lots is fundamental in developing the assessment. The following sections set out how the zones have been determined, how the bus routes have been allocated and how contracting within these zones might work in the future.

In order to deliver on its Commercial Success Factors, WYCA has set out a proposed lotting strategy under franchising, which for the purposes of assessment:

- Divides up the network to provide a pipeline of regular bidding opportunities to the operator market and hence encourage competition among operators
- Provides individual lots of sufficient scale to attract bids from larger operators, sized on the basis of a single depot; and
- Provides lots that give smaller operators the opportunity to participate and grow and encourage new Small & Medium sized Operators (SMO) entrants.

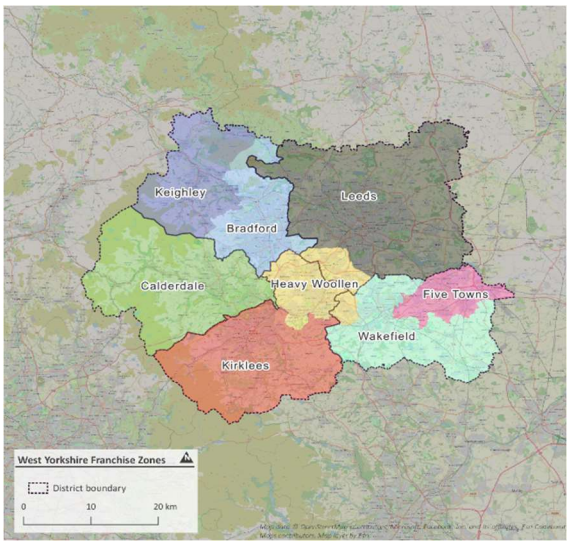
The zoning set out in this note will be used to inform how franchising will be phased over time and the order in which the services will be let by franchise contracts.

3. Approach to Franchise Zones

This section sets out the approach of how zones have been determined and the requirement for vehicles within each zone.

Through a process of workshop discussions, WYCA concluded that there would be separate franchise ‘zones’ covering West Yorkshire, supporting a managed transition from the current situation to a franchise scheme and – in the future – an approach to regular contract procurement. 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. The resulting eight areas, representing ten franchise zones (see comments below for Leeds), are shown in Figure 1:1 below.

Figure 1:1: West Yorkshire franchise areas



Following this, each bus route was allocated to one of these eight zones). A service permitting scheme will be implemented, to facilitate cross-boundary services over the long term, and services which are due to be franchised but still running as deregulated services during the transition period.

The Leeds area was considered a special case. 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.

For the other zones, routes were allocated to the zone through which the majority (by distance) of the route runs.

Operators have provided PVR data for their services (PVR is the maximum number of vehicles needed to operate any given service). These have been used to determine the total PVR and number of allocated services for each zone, shown in Table 1:1 below.

Table 1:1: PVR by Zone

Zone	PVR	Number of allocated services	Notes
Leeds 1	70	24	
Leeds 2	91	15	
Leeds 3	103	36	
Bradford	171	40	Includes First Bradford Depot school services (School PVR = 82)
Calderdale	67	49	Includes Transdev Elland Depot school services (School PVR = 4)
Five Towns	49	25	

Zone	PVR	Number of allocated services	Notes
Heavy Woollen	89	25	
Keighley	101	21	Includes Transdev Keighley Depot school services (School PVR = 49)
Kirklees	75	66	
Wakefield	77	33	
Total	**893**	**334**	

Maps showing the allocation of routes to each zone are included as Appendix B.

4. Approach to Lotting

Within each zone services will be split into lots, as in line with bulleted assumptions in section 2. This section sets out the principles behind the sizing of lots.

Within each Zone, there will be three categories of lots: A, B & C:

- A lots – single large lot, within each zone, typically located around a strategically located depot. These are intended to provide opportunities for large operators
- B & C lots – there will be numerous smaller lots, aimed at promoting competition within the market, with the focus on creating opportunities for smaller operators to grow.

The following table provides a description of each category.

Table 1:2: PVR by category

Category	Description	Indicative Peak Vehicle Requirement Range
A	Large number of services grouped together; requiring large depot per Lot	45 - 100
B	Low frequency services; aimed at SMO	1 - 45
C	Single (am & pm paired) school contracts; aimed at SMO	1

School Services

WYCA currently provides a range of school services throughout the Combined Authority area. The following section highlights how the provision of school services could be managed under a franchise scheme.

In developing the assessment WYCA has considered whether

- These school services should form part of the franchising arrangements; and
- If so, should they be bundled with the A Lot franchise contracts?

At present school services are contracted by WYCA. Therefore it would be logical for them to continue to be contracted under franchising.

School services are funded differently from other supported services, and it would be reasonable to assume that they will continue to be funded on the basis of need rather than affordability within a budget.

However, there are arguments for both separating them from and bundling them with the A lot franchise contract.

Benefits of inclusion of School services in franchising contracts

- Inclusion within the A Lot contract could provide more scale, making certain lots more attractive.
- Large scale school services are in some cases provided by larger operators, from their existing depots. It may be neither efficient nor viable for these services to be provided from separate depots.
- Integrating school services into A Lot contracts could improve efficiency.
- With the introduction of zero emissions vehicles, school services may provide opportunities for batteries to be charged at different times of the day.

Benefits of separate contracts for School Services

- School services are often provided by smaller operators and separate contracts would allow their market share to be maintained and potentially to grow.
- The requirement for school services provision can vary year on year depending on intake/catchment. It may therefore make sense for contracts to be of shorter duration than the franchising contracts.

Conclusion

The position of WYCA is that:

- Where school services are currently provided by smaller operators, these should continue to be let separately from the larger contracts (but still under the umbrella of franchising).
- Some of the services could be consolidated into larger lots to provide opportunities for SMEs to grow.
- Where there are large numbers of services currently provided by larger operators, the majority of these would stay with the A Lot franchise contract, but
- Some services would be removed and let in smaller lots to create more opportunities for SMEs; and
- Contracting would be on different terms to the core franchise services.
- This will help ensure that there is sufficient depot capacity to accommodate all school services

Therefore the A Lot franchise contracts for Bradford and Keighley would include schools services, but elsewhere they would be separately contracted.

As WYCA's overall strategy for school services evolves, the approach to contracting for them may also change as franchises are let.

5. Franchise contracts

The below section sets out how a detailed contract specification can be used to underpin the overarching objectives of the assessment.

The franchise zones and lots are the first step in organising and allocating West Yorkshire bus services for the purpose of the Franchising Assessment.

WYCA's proposed approach is to have fixed 7 year contracts for Category A Lots. The basis for this is that it is broadly consistent with other types of transport operations contract (for example in passenger rail), it is not so long that it exposes operators to high levels of indexation mismatch risk, and it means that vehicles will only have to be transferred between successive operators once.

For some of the initial Lots, shorter contracts will be offered to regulate the flow of contracts coming to the market after the initial period of franchising is complete. Contract lengths for B and C categories (including schools contracts) will be agreed on a contract by contract basis, and may be shorter in length to facilitate opportunities for new and existing SMO.

At the commercial workshop of 21/02/2023 it was decided to franchise all routes over a three year period. The three year period was selected, as it sequentially aligned with other interlinkages such as the transition period and the timeframe / capacity to run multiple procurement phases, with a timelapse in order to develop any lessons learnt and refine its contract and procurement processes based on experiences gained in letting the earlier contract rounds.

6. Ordering of Rounds

In determining the order of Rounds (groups of zones) to be procured and implemented under franchising, the following steps have been taken:

- the PVR for each round, excluding school services and cross boundary was analysed;
- an estimation of operator and patronage spread over each zone was established;
- a measure of "operating efficiency" (pax/PVR) was calculated to illustrate how the level of profitability (and therefore the scale of potential existing operator impact) varies between zones.

Based on these steps, the following principles were applied to appraise the ordering of rounds:

- A three round approach was adopted - (i.e. procuring 3-4 zones in parallel, a "round")
- Heavy Woollen was included within the first round, due to its central WY location and multi-district (Kirklees/Leeds/Wakefield) impact
- One "above WY average" operating efficiency zone was included within each round, allowing a balancing of the likely commercial impact – that is aiming for neither WYCA nor operators to be left with the best/worst performers in any one round
- Grouping geographically located zones was considered across West Yorkshire, aiming to reduce unintended impacts on bus services which cross between these zones and supporting clearer messaging around the introduction of franchising

- Passenger demand was broadly balanced across the rounds, allowing a demonstration of steady progress over the transition period

Views on the ordering of rounds were sought from the mayor and from WY district leaders.

A preferred option was selected from a proposed list of options (Appendix A - Table 1:4) brought forward to the Bus Reform Board on 08/03/2023 on the basis that it aligned closest the approach principles set out above, it:

- remains close to average WY commerciality across the rounds, based on a broad pax/PVR measure;
- has a reasonably even balance of passengers per round; and
- additionally – allows somewhat more time for arrangements to be made for sourcing depots for the two Leeds lots (1 and 2) currently operated out of the Hunslet garage.

A more detailed analysis of the above is set out at Appendix A.

Preferred Option - Round order

- Round 1 – Heavy Woollen, Kirklees, Leeds 3
- Round 2 – Five Towns, Leeds 1, Wakefield
- Round 3 - Bradford, Calderdale, Keighley, Leeds 2

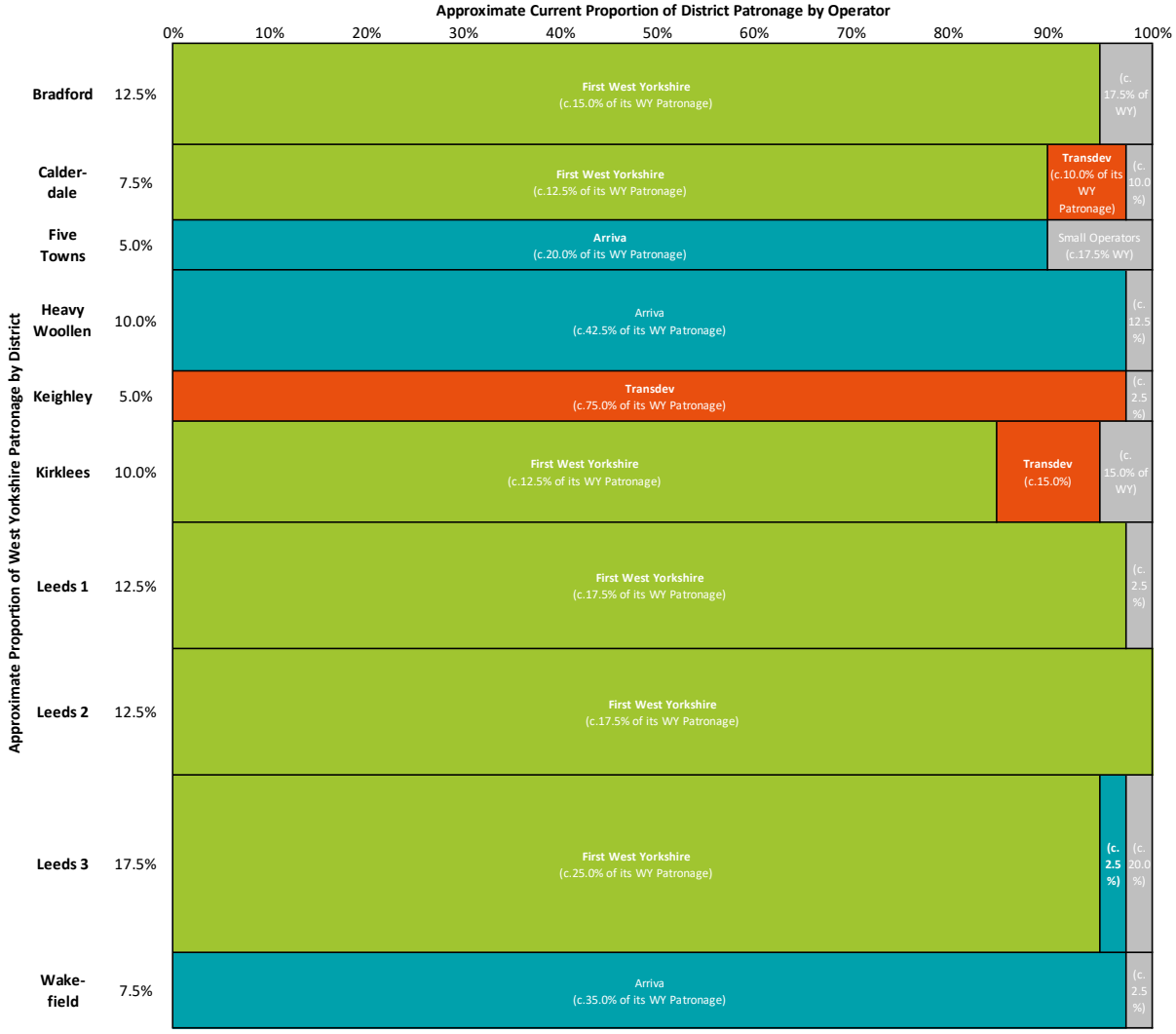
Appendix A - Ordering of Rounds Analysis

The following sets out the detailed analysis underpinning Section 6 - Ordering of Rounds.

The approximate[1] Peak Vehicle Requirement (PVR), excluding school services, for each zone is as follows:

- Bradford 89
- Calderdale 63
- Five Towns 49
- Heavy Woollen 89
- Keighley 52
- Kirklees 75
- Leeds 1 70
- Leeds 2 91
- Leeds 3 103
- Wakefield 77
- **Total 758 (excludes school services and cross boundary)**

Figure 1:2: Operator and Patronage Spread over Ten Franchising Zones



[1] PVRs & passenger numbers referenced in this note are taken from separate sources with some minor inconsistencies. These are not considered to affect the analysis presented

Source: Operator Data for the year between May 2021 and April 2022. Excludes school services and cross boundary.

An illustrative ranking of service commerciality is shown in Table 1:3, based on the number of passengers per PVR (as a broad measure of efficiency)

Table 1:3 Zones Ranked by Service Commerciality (pax/PVR)

Rank	Zone	Description
1	Leeds 3	Above WY average
2	Leeds 1	
3	Leeds 2	
4	Calderdale	Close to WY average
5	Kirklees	
6	Bradford	
7	Heavy Woollen	Below WY average
8	Wakefield	
9	Five Towns	
10	Keighley	

As illustrated in Table 1:3, bus services in Leeds district appear to be the most efficient to operate, with higher vehicle loadings. This is a function of higher and denser population and concentrations of travel flows. Figure 1.2 shows that services within Leeds are dominated by First West Yorkshire, which also serves the somewhat less efficient to operate areas of Bradford, Calderdale and Kirklees. The number of services which First operates outside Leeds is influenced by the performance of its Leeds services. If two or more Leeds lots are programmed earlier during transition, this could affect the services which First can operate outside Leeds – resulting in additional activity for WYCA to stabilise and protect the network. Conversely, if Leeds lots are concentrated later during transition, WYCA would incur greater levels of subsidy for the same network (with the higher operating surpluses from Leeds being retained by operators).

Alternatives of two and three rounds of procurement were considered. A two round approach would potentially have advantages in terms of streamlining transition, however distributing three Leeds lots over two rounds is not possible and therefore adverse impacts (as described above) would likely result. The alternative of combining all six areas where First operates the majority of services (six anchor lot procurements) is considered to be impractical, likely to attract an adverse response from First and potentially unhelpful in terms of encouraging competition for contracts. Similarly the other round, would comprise the vast majority of Arriva's services and most of Transdev's.

Therefore a three round approach is considered to be preferable, with the three above average commerciality (Leeds) lots spread between the rounds to reduce the potential for unintended consequences.

Lotting Approach Principles

For all lotting options considered:

- A three round approach was adopted
- Heavy Woollen was included within the first round, due to its central WY location and multi-district (Kirklees/Leeds/Wakefield) impact
- One above WY average commerciality zone was included within each round, allowing a balancing of the commercial impact – that is aiming for neither WYCA nor operators to be left with the best/worst commercial performers in any one round

- Grouping geographically located zones was considered across West Yorkshire, aiming to reduce unintended impacts on bus services which cross between these zones and supporting clearer messaging around the introduction of franchising
- Passenger demand was broadly balanced across the rounds, allowing a demonstration of steady progress over the transition period

A range of options was considered in line with the principles above, as shown in Table 1:4.

Table 1:4 Zones Ranked by Service Commerciality (pax/PVR)

	A	B	C	D	E
Round 1	Five Towns Heavy Wlln Leeds 2 Wakefield	Heavy Wlln Kirklees Leeds 1	Heavy Wlln Kirklees Leeds 3	Heavy Wlln Kirklees Leeds 3	Heavy Wlln Leeds 3
Round 2	Calderdale Leeds 1 Kirklees	Five Towns Leeds 3 Wakefield	Five Towns Leeds 1 Wakefield	Calderdale Five Towns Leeds 1 Wakefield	Five Towns Kirklees Leeds 2 Wakefield
Round 3	Bradford Keighley Leeds 3	Bradford Calderdale Keighley Leeds 2	Bradford Calderdale Keighley Leeds 2	Bradford Keighley Leeds 2	Bradford Calderdale Keighley Leeds 1
Comment:	Rejected: all Arriva services being in R1	Rejected: Leeds 1 being Hunslet depot based (along with Leeds 2)	**Leading Option**	**Alternative Option**	Rejected: R1 having above average commercial impact

From the options considered, Version C was considered to be closest in line with the approach principles set out above. Version C (illustrated overleaf): remains close to average WY operating efficiency across the rounds, based on a broad pax/PVR measure; has a reasonably even balance of passengers per round; and – additionally – allows somewhat more time for arrangements to be made for sourcing depots for the two Leeds lots (1 and 2) currently operated out of the Hunslet garage[2].

Version D appears a reasonably close alternative phasing option, its relative disadvantage being an arguably more complex geographical transition across West Yorkshire than Version C. It has a possible advantage in terms of better balance between rounds in patronage and PVR terms.

The approximate PVRs for each proposed round is as follows:

	Version C	**Version D**
Round 1	267	267
Round 2	196	259
Round 3	295	232
Total	**758 (excludes school services and cross boundary)**	

[2] Sharing a depot between two or more operators would be unusual (in the UK context) and is not expected to be popular with service providers. Additional time would be required therefore to secure an additional depot, or to make adaptations to Hunslet to separate facilities (if this is possible).

Figure 1:3 illustrates the proposed three rounds for the Leading Option (Version C from the table above) in terms of their impacts on bus passengers and existing operators within West Yorkshire. Figure 1:4 provides the same illustration but for the Alternative Option (Version D from the table above).

Figure 1:3 Leading Option Operator and Patronage Spread over Three Proposed Rounds (Version C)

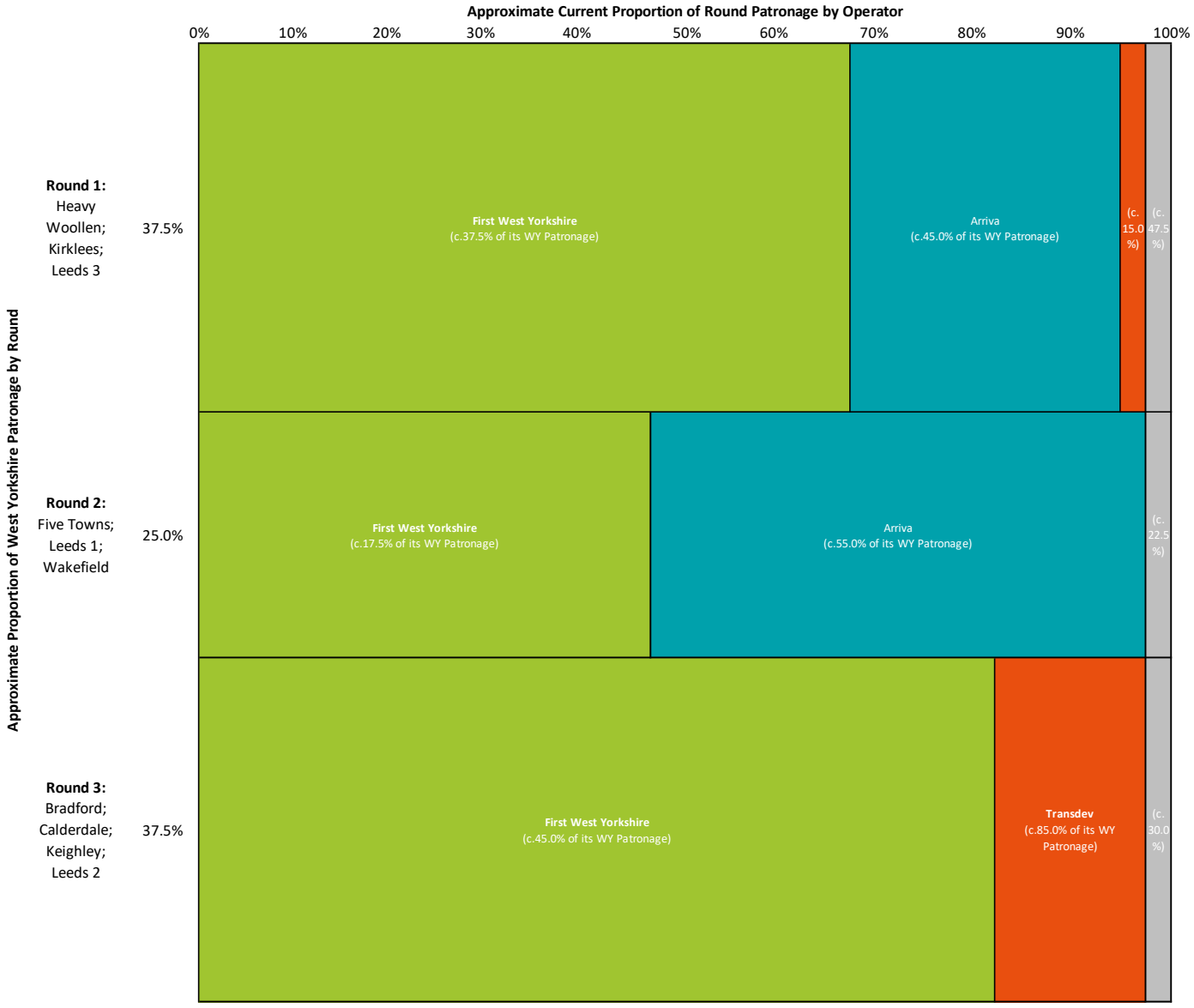
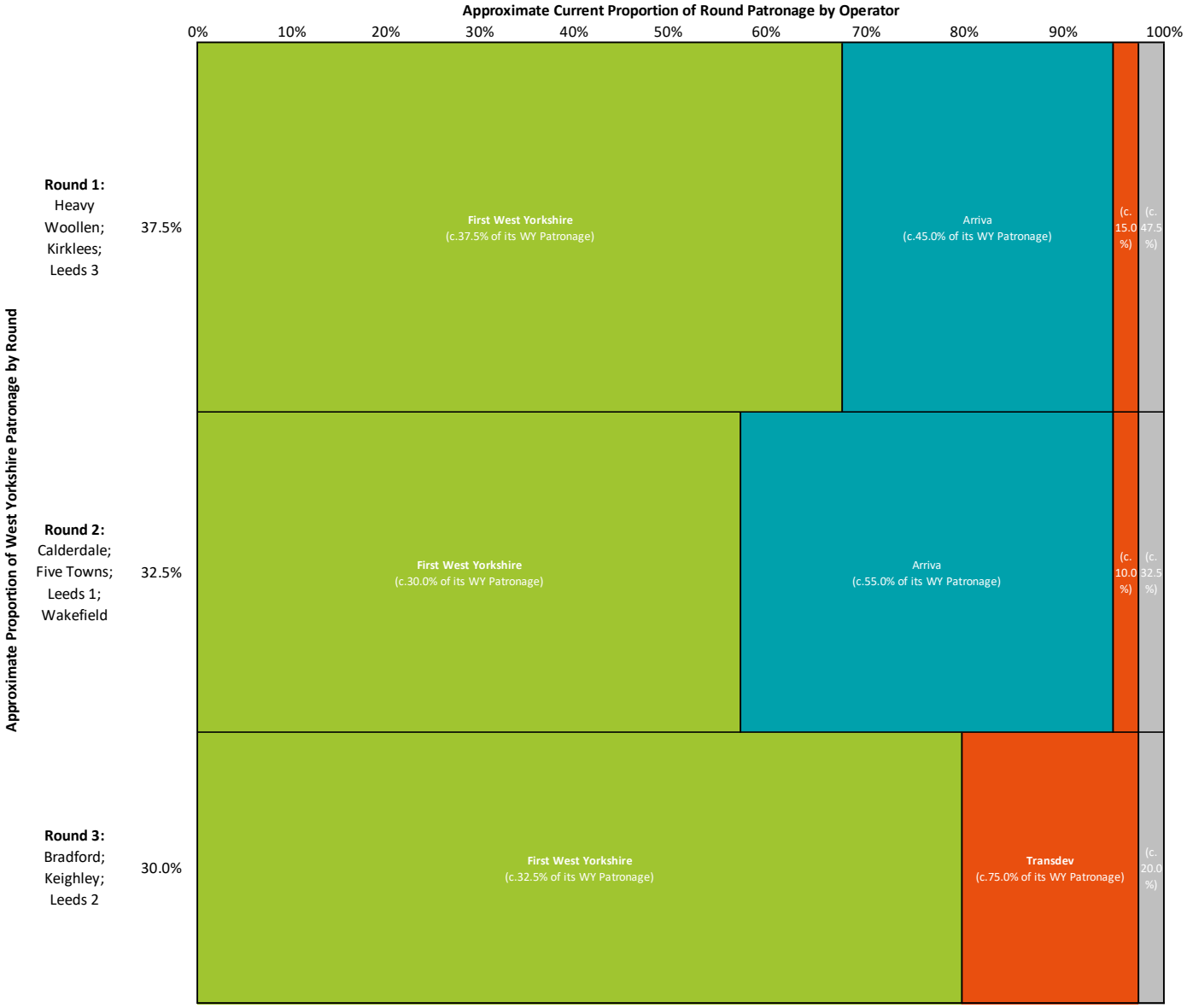
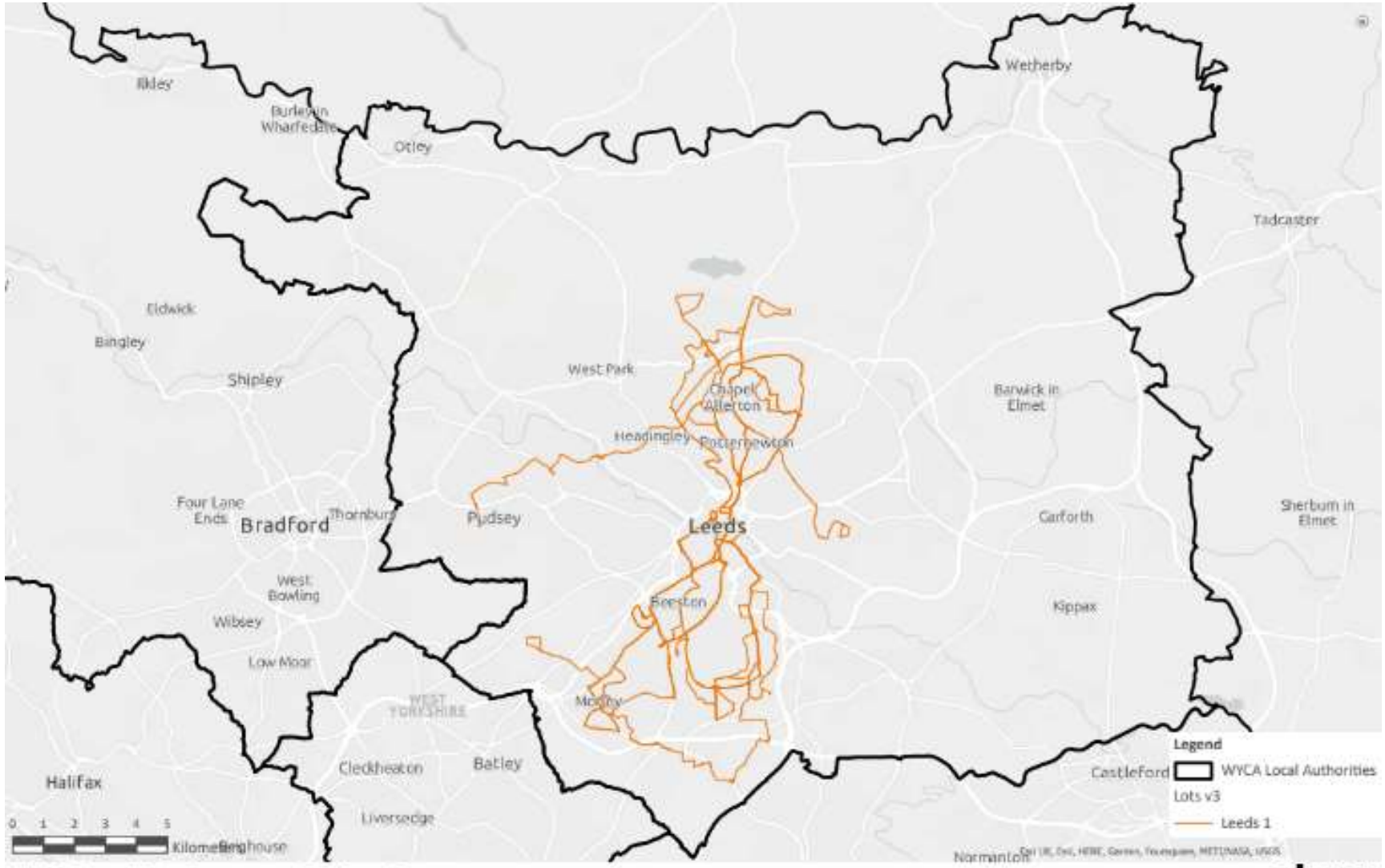


Figure 1:4: Alternative Option Operator and Patronage Spread over Three Proposed Rounds (Version D)



Appendix B

Figure 1:5: Leeds Lot 1 Routes



WYCA Franchising Assessment Business Case

Lot Option v3

Some routes may overlap and be hidden behind others

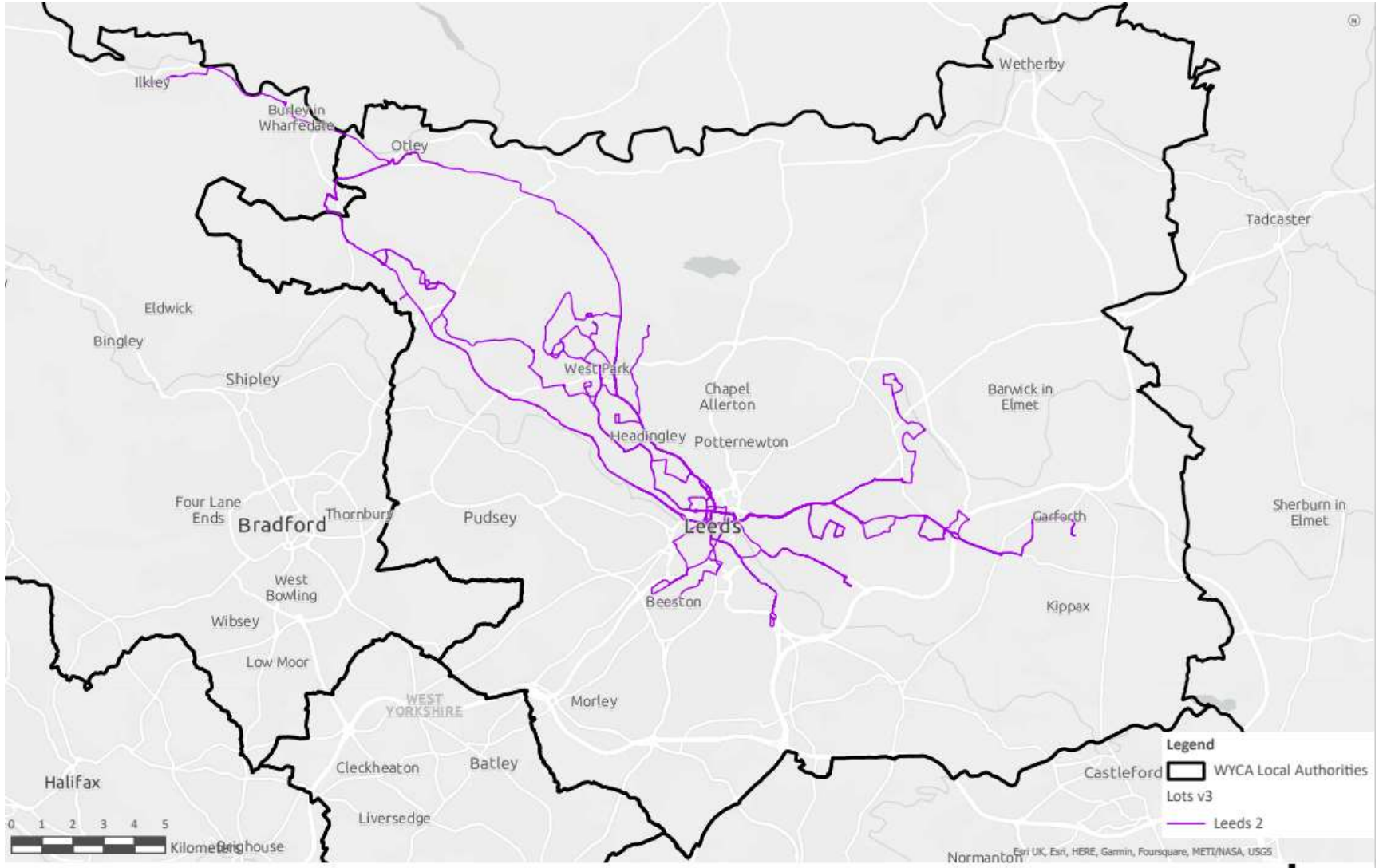
steer

Scale: 1:150,000

Date: 09/01/2023

Creator: TGoss

Figure 1:6: Leeds Lot 2 Routes



WYCA Franchising Assessment Business Case

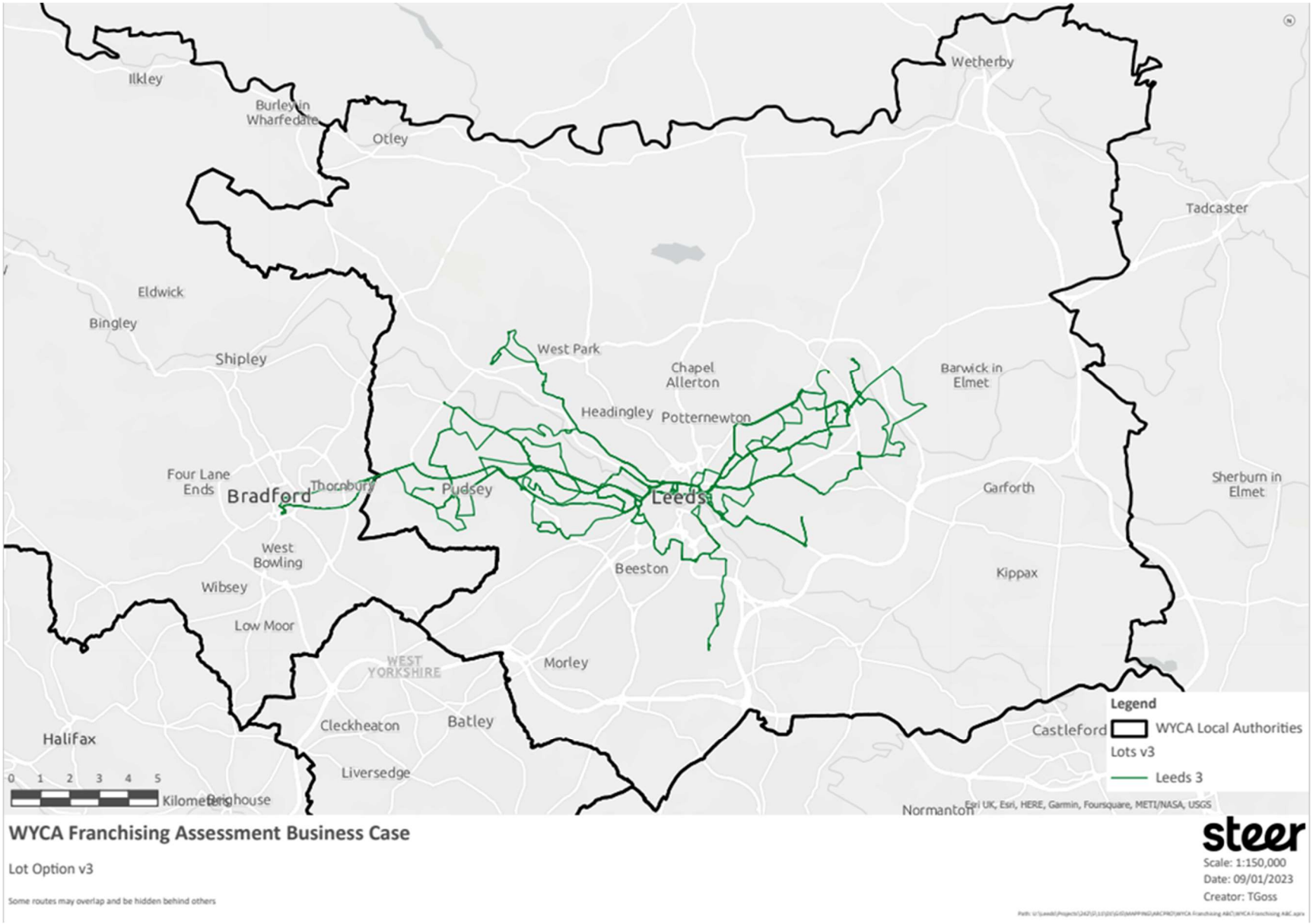
Lot Option v3

Some routes may overlap and be hidden behind others

steer

Scale: 1:150,000
Date: 09/01/2023
Creator: TGoss

Figure 1:7: Leeds Lot 3 Routes



WYCA Franchising Assessment Business Case

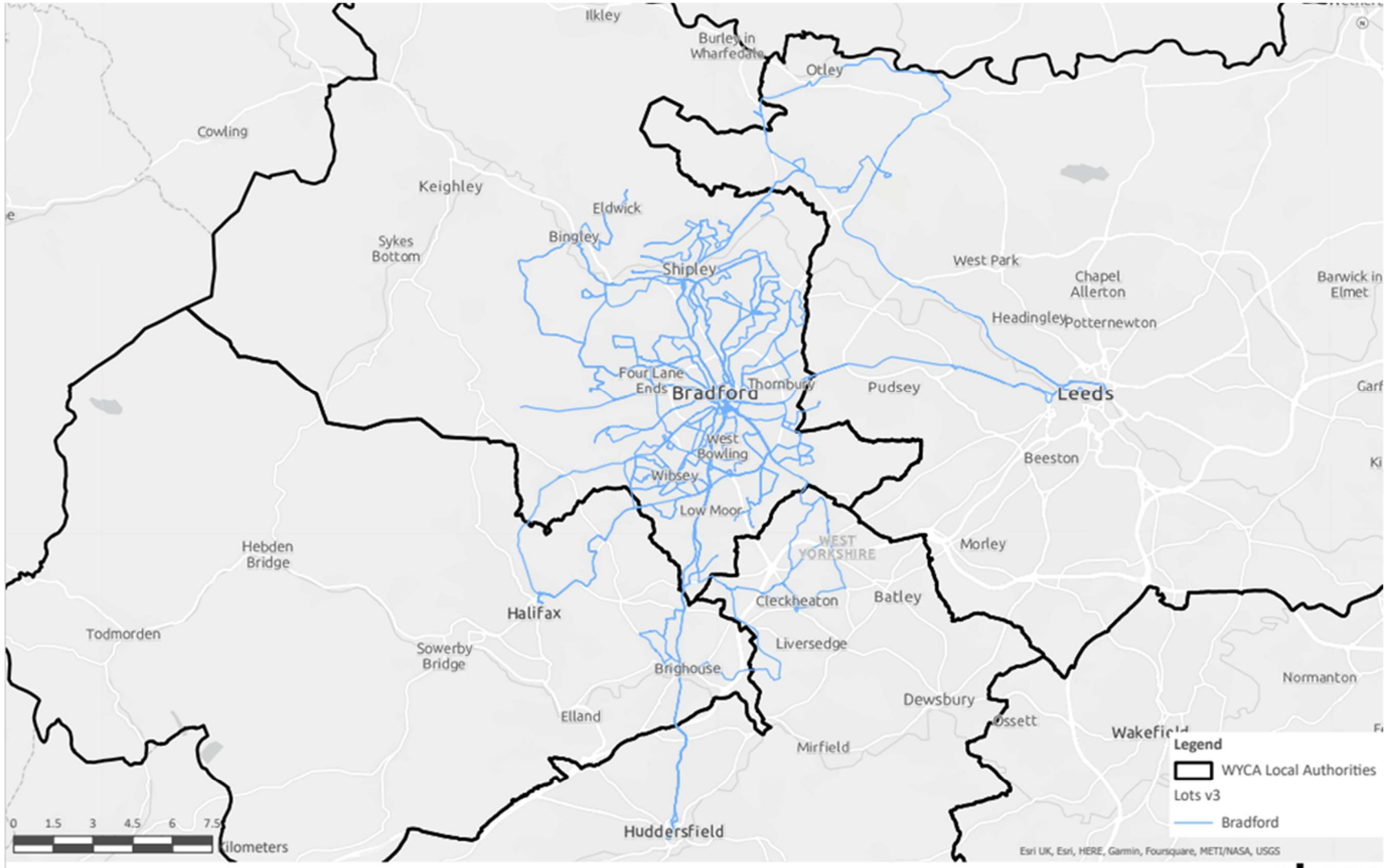
Lot Option v3

Some routes may overlap and be hidden behind others

steer

Scale: 1:150,000
Date: 09/01/2023
Creator: TGoss

Figure 1:8: Bradford Routes



WYCA Franchising Assessment Business Case

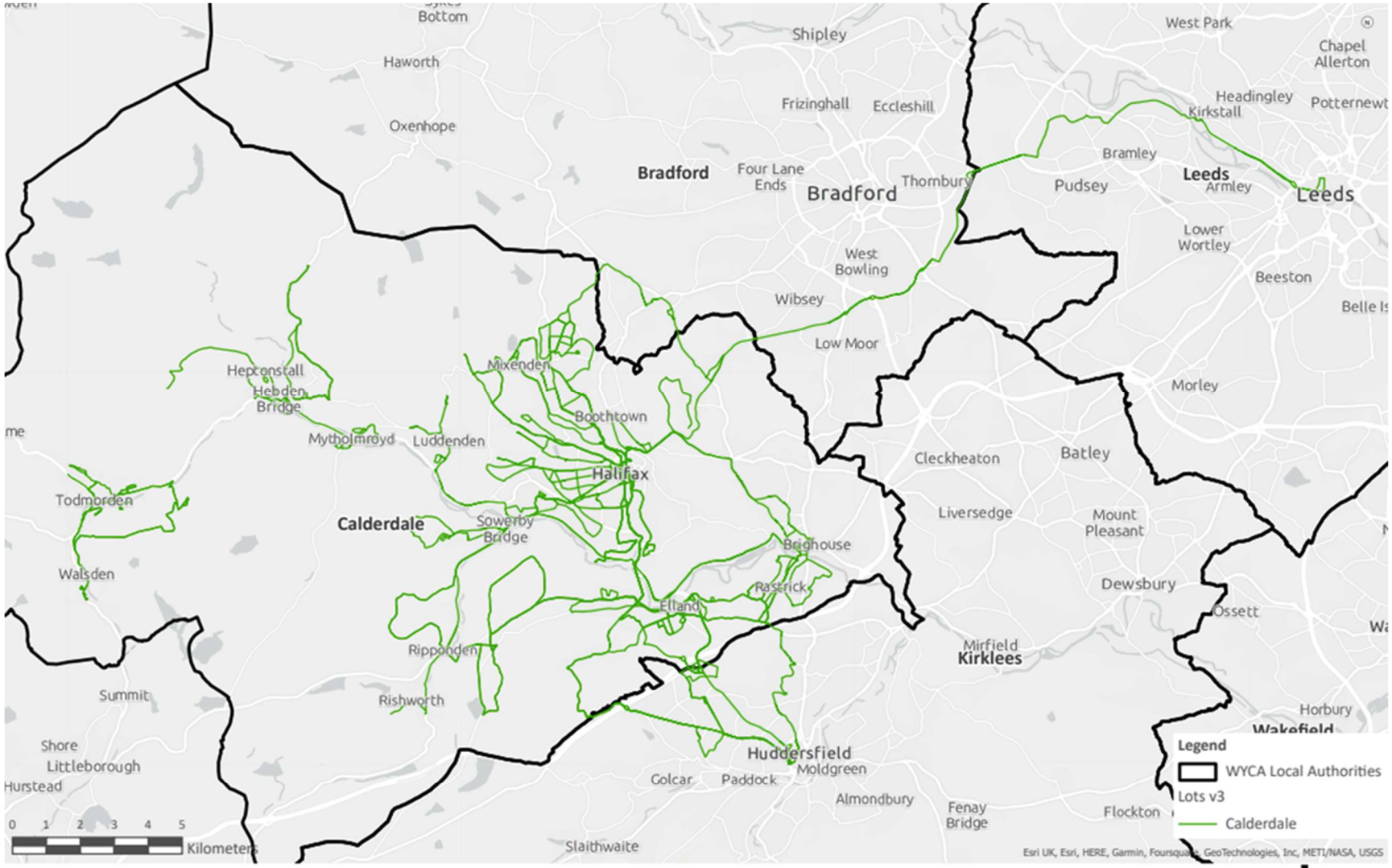
Lot Option v3

Some routes may overlap and be hidden behind others

steer

Scale: 1:175,000
Date: 09/01/2023
Creator: TGoss

Figure 1:9: Calderdale Routes



WYCA Franchising Assessment Business Case

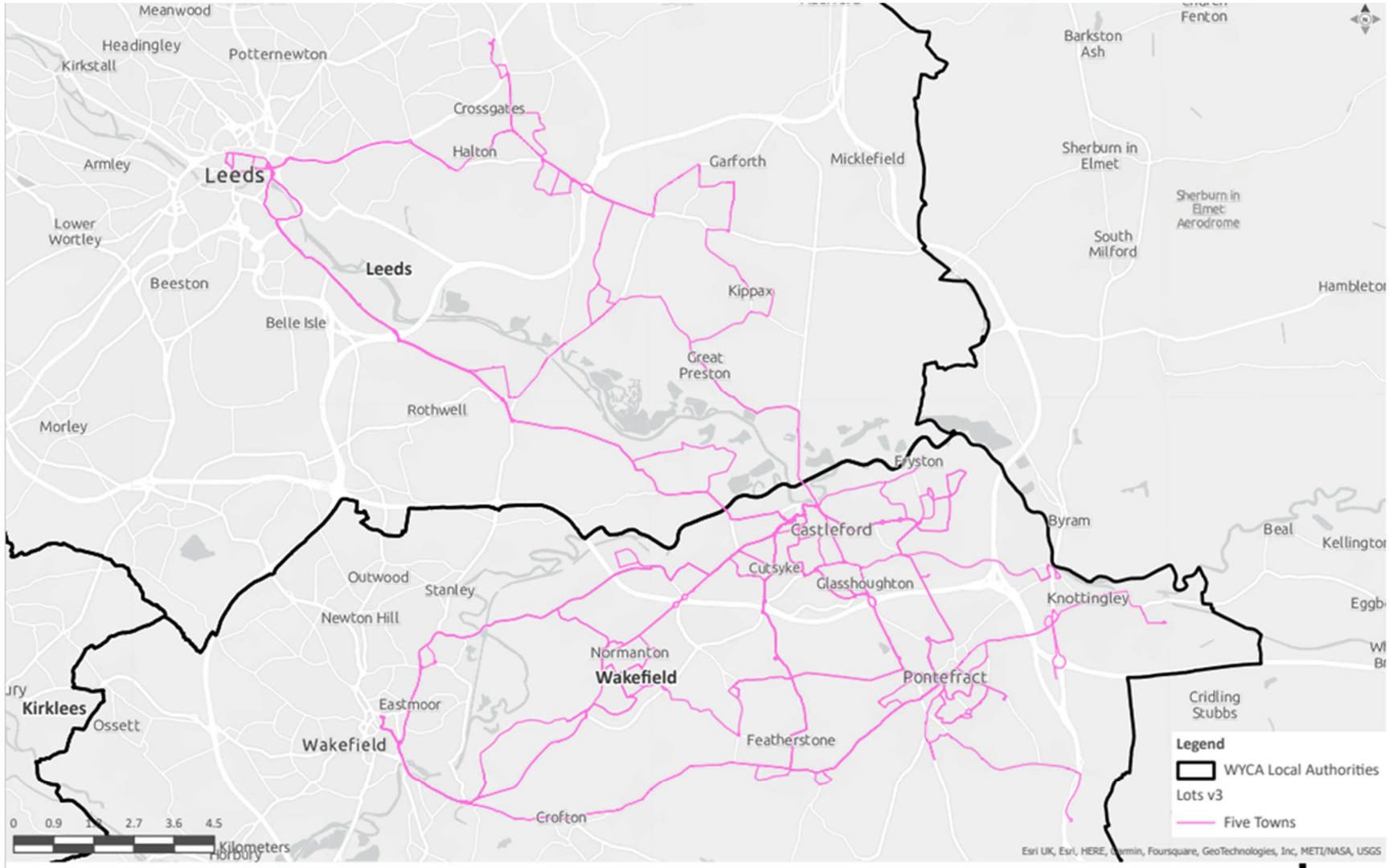
Lot Option v3

Some routes may overlap and be hidden behind others

steer

Scale: 1:137,274
Date: 07/12/2022
Creator: TGoss

Figure 1:10: Five Towns Routes



WYCA Franchising Assessment Business Case

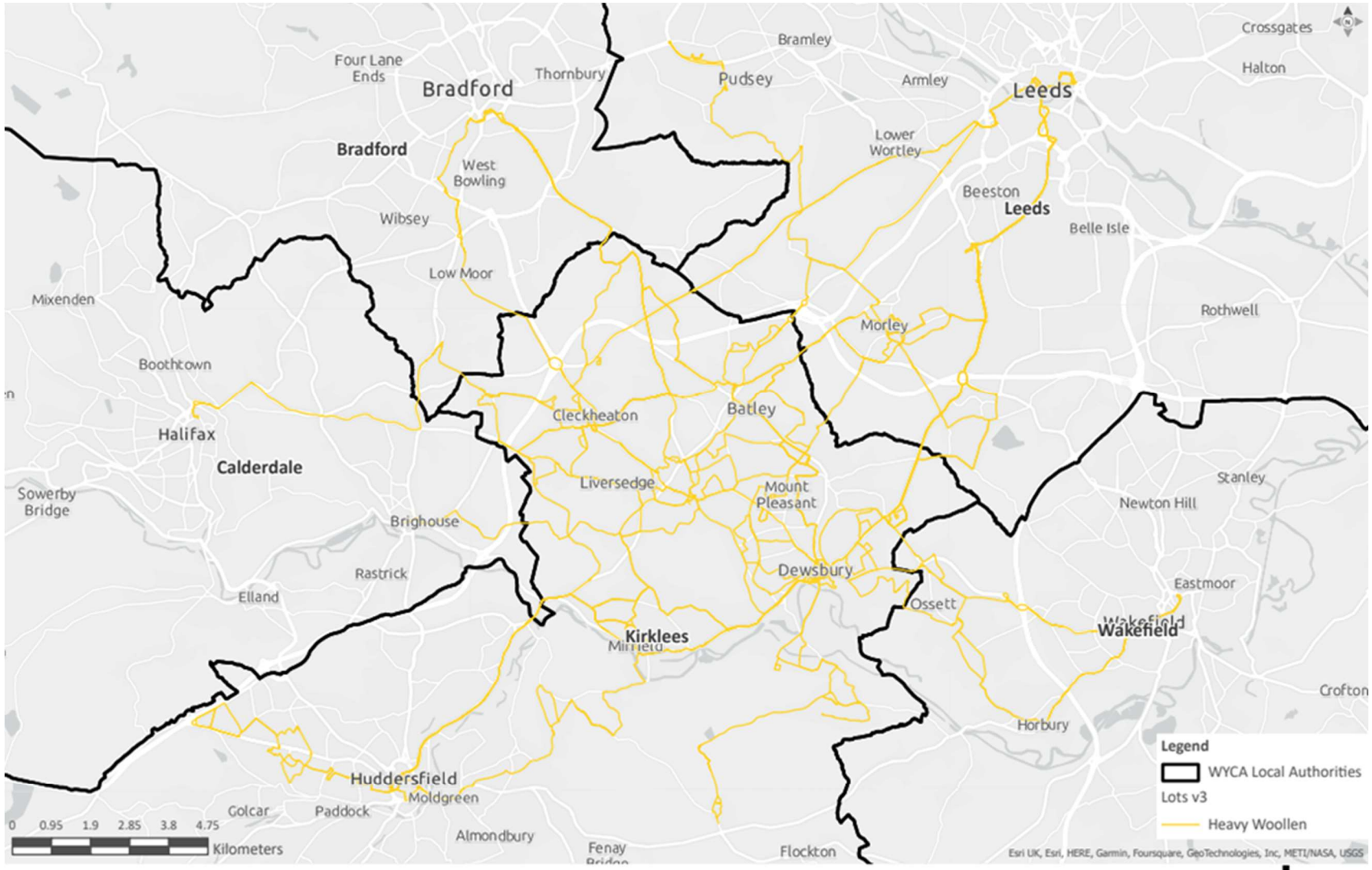
Lot Option v3

Some routes may overlap and be hidden behind others

steer

Scale: 1:104,220
Date: 07/12/2022
Creator: TGoss

Figure 1:11: Heavy Woollen Routes



WYCA Franchising Assessment Business Case

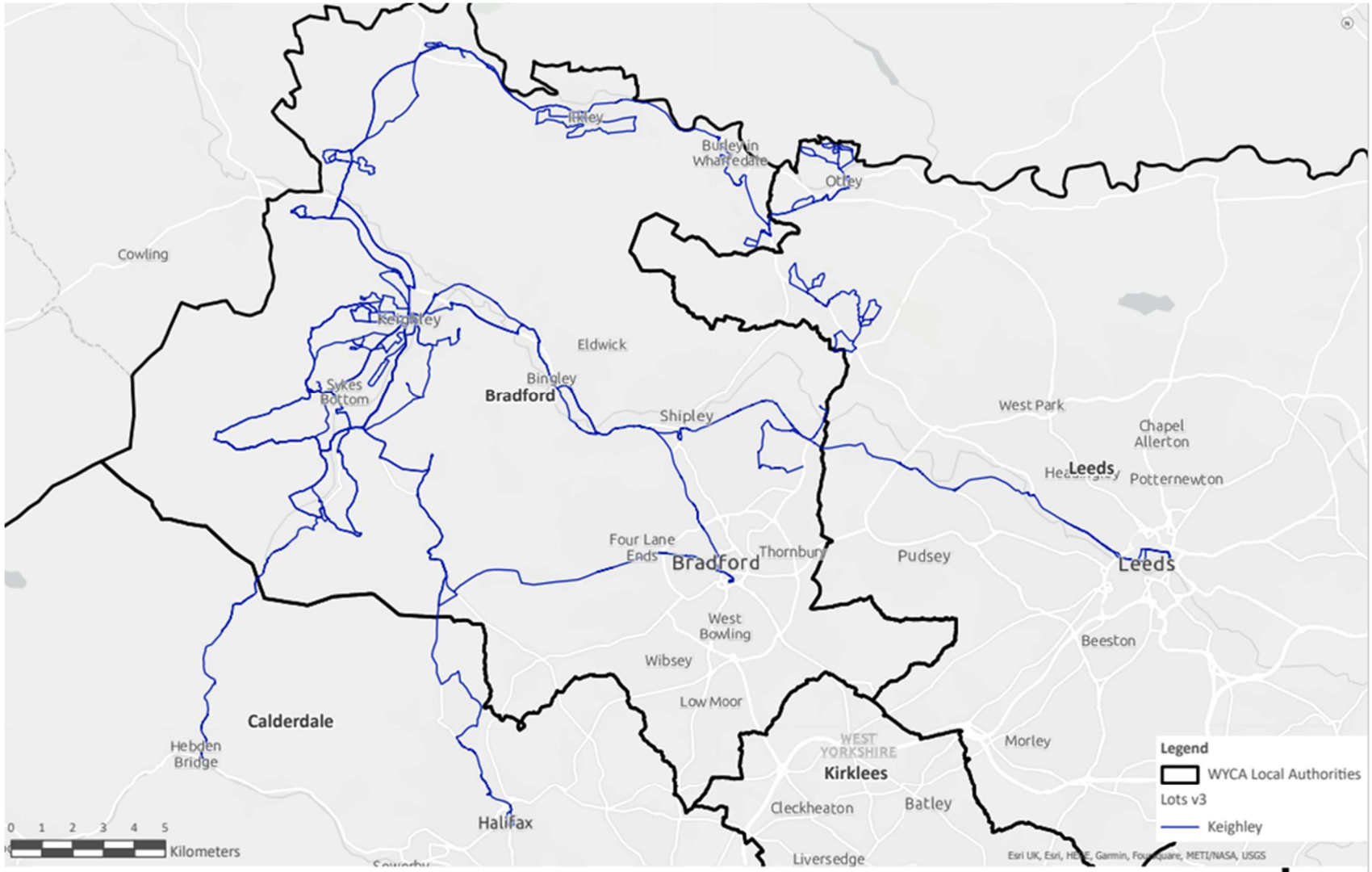
Lot Option v3

Some routes may overlap and be hidden behind others

steer

Scale: 1:111,489
Date: 07/12/2022
Creator: TGoss

Figure 1:12: Keighley Routes



WYCA Franchising Assessment Business Case

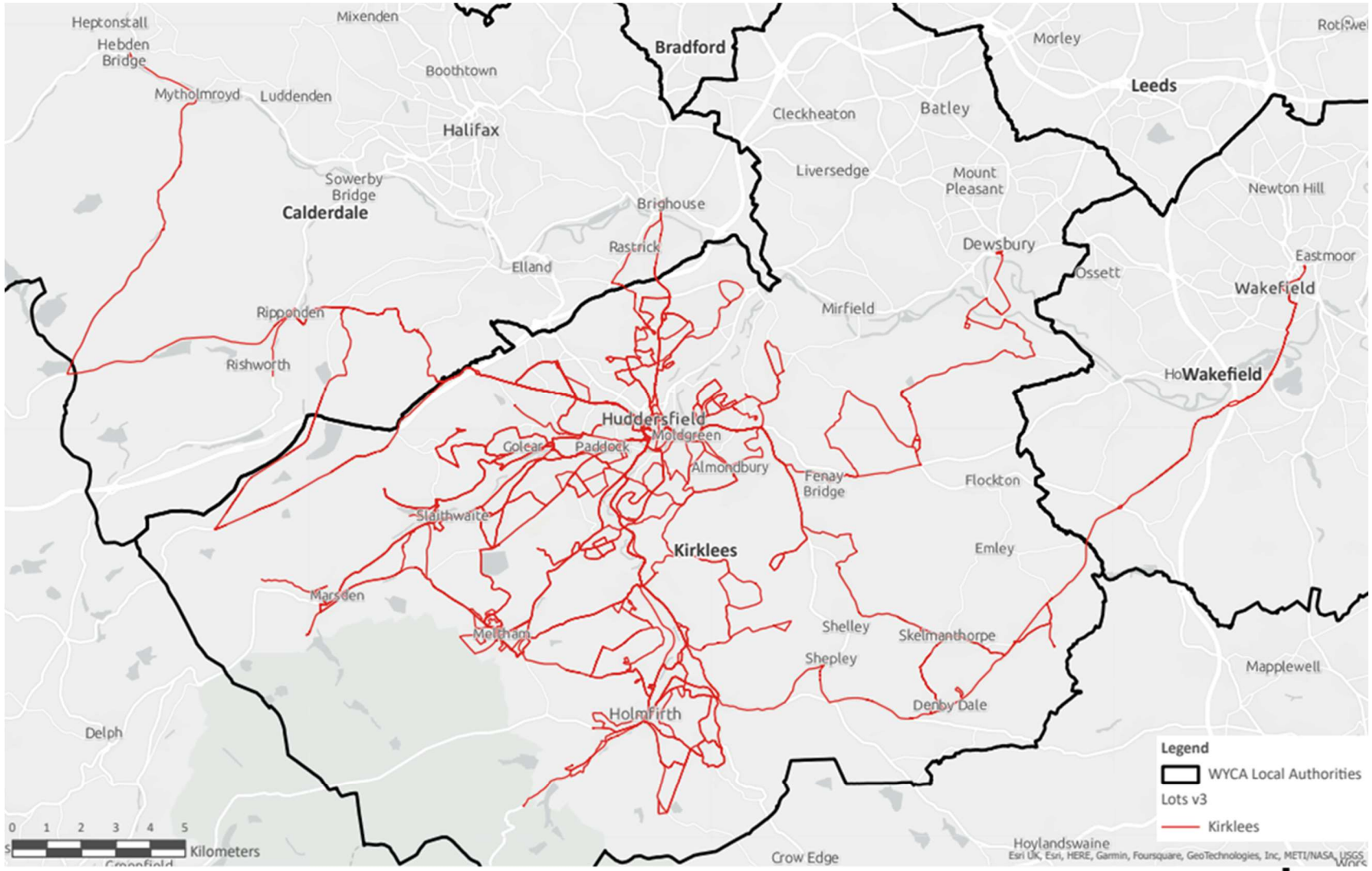
Lot Option v3

Some routes may overlap and be hidden behind others

steer

Scale: 1:148,965
Date: 07/12/2022
Creator: TGoss

Figure 1:13: Kirklees Routes



WYCA Franchising Assessment Business Case

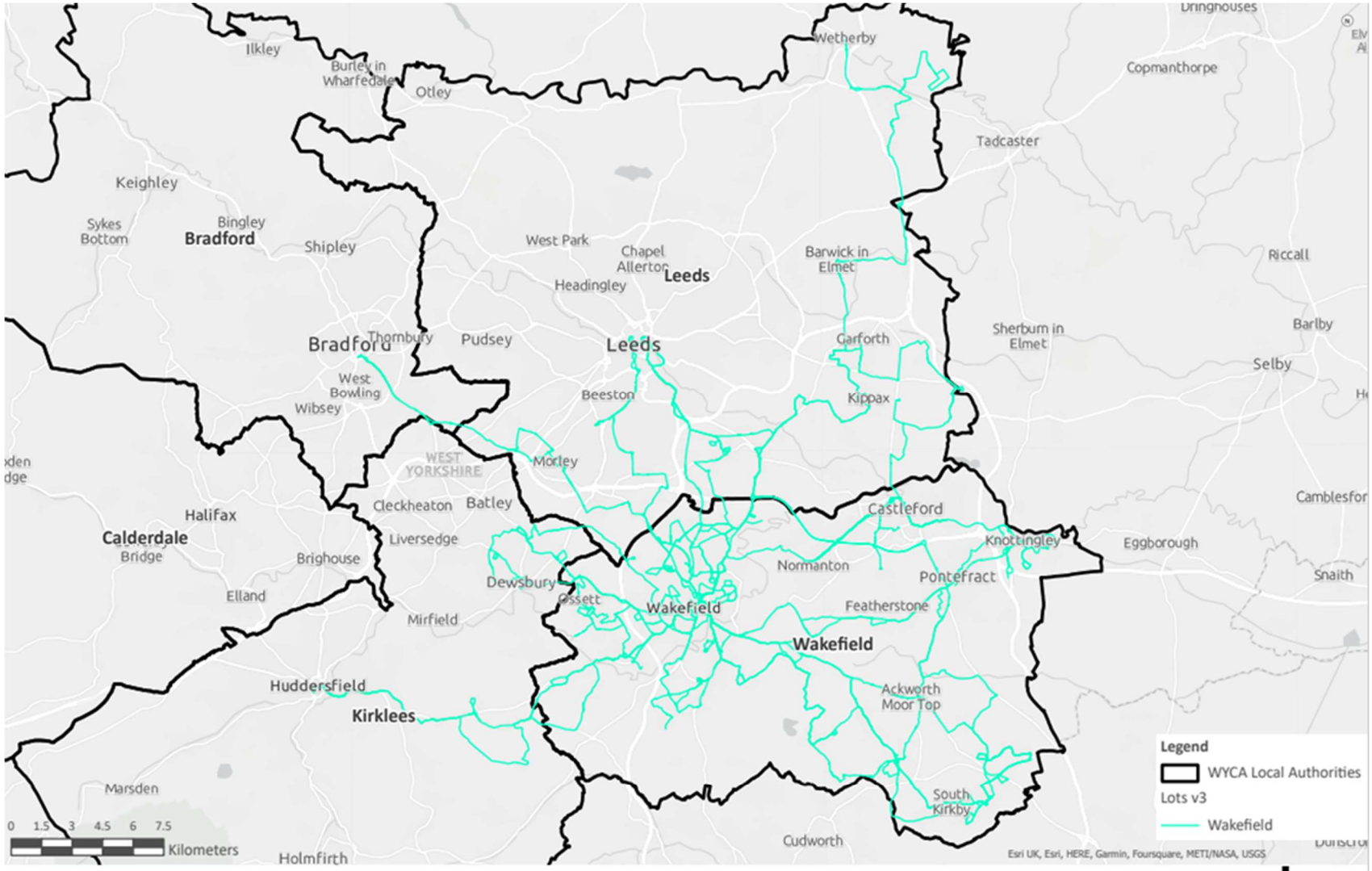
Lot Option v3

Some routes may overlap and be hidden behind others

steer

Scale: 1:132,831
Date: 07/12/2022
Creator: TGoss

Figure 1:14: Wakefield Routes



WYCA Franchising Assessment Business Case

Lot Option v3

Some routes may overlap and be hidden behind others

steer

Scale: 1:225,838
Date: 07/12/2022
Creator: TGoss

WYCA Bus Reform Assessment - Franchising Case

Fleet Strategy

Introduction & Context

WYCA is undertaking an assessment of reform options for the future provision of bus services in the Region - assessing (i) Enhanced Partnership (as Reference Case) and (ii) an improved Enhanced Partnership (EP+) and (iii) gross-cost Franchising. In developing the assessment, WYCA is required to set out an indicative Franchising option to compare against other reform options.

Franchising represents the most significant step-change from current bus service provision and in the role that WYCA could play. As part of developing the Franchising case, it has established a number of commercial success factors, including the need to drive competition, exert control over the network, break down barriers to entry and level the playing field.

To address these commercial success factors, WYCA has the opportunity to intervene in the provision of assets to support its plans for franchising, including fleet.

Purpose

The purpose of this paper is to set out the proposed assumptions and approach relating to fleet under Franchising for the purposes of the Assessment. There are a number of elements of the Assessment which rely on the approach to fleet, including:

- **Commercial Case** – sets out the commercial principles in relation to fleet and how it can allow WYCA to realise its commercial success factors;
- **Financial Case** – includes the financial implications of each option being explored through the Assessment. Any resulting financial implications of fleet ownership by WYCA will be captured in the financial analysis;
- **Management Case** – sets out the proposed management arrangements for each option. Under Franchising, any role WYCA may wish to play in relation to fleet will require appropriate management arrangements to be put in place.

Structure

This position paper is structured as follows:

1. **Initial options appraisal –** following an initial workshop in Dec 2022 with WYCA officers, an initial options appraisal was carried out. The findings of which are set out in Section 1.
2. **Preferred option –** the preferred option from Section 1 has been described in further detail in Section 2.
3. **Key considerations -** while the current position on fleet is set out for the purposes of assessing reform options, there are a number of key considerations for other elements of the Assessment that require further development. These include the acquisition model, contracting principles, financial and management considerations of the option.

1. Initial Options Appraisal Findings

An initial options workshop presented the commercial objectives (Outlined below with further description included) that WYCA is seeking to achieve through any preferred option.

- **Public Sector Influence -** WYCA requires certainty that its investment will support its intended outcomes. The delivery option commercial model should allow WYCA to have influence over bus network outcomes.
- **Best Value -** The delivery option must robustly and transparently show that it is able to achieve a suitable combination of price and quality which will contribute to passenger affordability.
- **Driver of Competition between Operators -** The delivery option should be commercially viable for Operators and facilitate strong competition, whilst being compliant with relevant competition rules. The model must facilitate the participation of small and medium sized Operators and new entrants to the market by removing unnecessary barriers to entry.
- **Appropriate risk allocation -** The delivery option should allocate risks to the public and private sectors that they are most capable of managing. Risk allocation should be considered in relation to the delivery option, including fare revenue risk, operating cost risk, service standards and asset provision.
- **Ease of Implementation of option -** The delivery option must be practical to implement and put in place a model that is sustainable over time.

The selection of an approach to fleet provision has the potential to meet these objectives to varying degrees, most notably from a competition perspective. In particular, if potential bidders for franchise contracts are required to source their own fleet, this may create advantages for existing operators and inhibit competition.

As a starting point, 3 broad options were considered, discussed and appraised during the options workshop:

Option 1: No Intervention - Under a do nothing scenario, WYCA would let franchise contracts to operators which would require the operators to provide their own fleet;

Option 2: Gradual acquisition / residual value - Under Option 2, WYCA would acquire new fleet as older fleet is retired, and make these vehicles available to operators. In addition, the terms of the franchise agreement would require operators to make some or all of their existing fleet available to other operators at the end of franchise agreement for a predetermined price. This would allow WYCA to provide equal access for operators to both new and existing fleet; and

Option 3: Acquire fully owned WYCA fleet on day 1 - Under Option 3, WYCA would acquire the entire fleet and provide it to franchise operators.

The following table sets out the initial appraisal of options:

Summary of appraisal
Option 1: No Intervention ● While option 1 provides a “simple” solution to fleet provision, including limited implementation impact, operational or financial risk, it was broadly viewed as not likely to achieve the commercial objectives of WYCA, particularly in relation to competition. **The option was therefore discounted.**
Option 2: Gradual intervention ● The concept of a gradual transition to WYCA ownership of operator owned fleet was considered a logical option. It provides an opportunity for WYCA to access fleet over time, and can be done without presenting operational and financial risk to the Authority. ● However, it presents a challenge in that it may limit competition for the first phase of franchise contracts, as incumbents may retain some competitive advantages, and which will require careful management. **On this basis, this option is shortlisted for further detailed development**
Option 3: Acquire fully owned WYCA fleet (day 1) ● The option to acquire a fully owned Zero Emission Bus (ZEB) fleet to deploy on day 1 of contracts could meet a range of WYCA's commercial objectives. It provides the potential to limit barriers to entry and level the playing field, maximising competition for franchise contracts. ● It also presents the ability for WYCA to deliver on its broader environmental agenda and control transition to the ZEB fleet, representing a real step change in service delivery under franchising from day 1. ● However, the option presents a range of challenges from a deliverability perspective. ○ Firstly, given the supplier market for new ZEBs, it could be challenging to acquire the required number of vehicles by 2026. ○ Secondly, the financial implications of doing such may be unaffordable to WYCA, and thirdly, the depot space required to store, charge/fuel and maintain the vehicles is unlikely to be in place by the deployment of the first phase of contracts. **The option was therefore discounted.**

2. Preferred Option

Section 1 presented the outcome of an initial appraisal of high level options. The primary option to be taken forward for development was Option 2, where WYCA would access the fleet to provide to operators gradually over time.

The terms of the franchise agreement enable WYCA to potentially implement an additional mechanism with regards to accessing fleet during the transition period to a full fleet of publicly owned ZEBs, this would provide WYCA with the obligation to acquire fleet from operators at the end of the franchise contract (at a "residual value") - providing WYCA with access to Operator owned fleet prior to having a full fleet of vehicles at its disposal.

This section sets out the option in further detail.

Option 2. Gradual Intervention

Given the challenges associated (noted in Section A) with acquiring a fully owned WYCA fleet on launch of the initial series of contracts, it is likely that WYCA will have acquired some, but not all required vehicles in time for the launch of each franchise contract. There are options available to WYCA for how it could allocate vehicles, either:

- allocation evenly across all zones, requiring operators to provide some, but not all, vehicles required for a given lot; or
- allocation to some but not all zones, providing a full fleet of Authority owned vehicles for a number of individual zones, but not all.

Under the principle of Authority ownership, WYCA would provide Zero Emission Buses (ZEBs) to Operators. During the Franchise term, Operators would be responsible for maintaining the vehicles to specified standards and required to hand back to WYCA at the end of the Franchise term in good condition.

The Operator would receive the use of the vehicles, under Franchise contracts, without charge or for a peppercorn rent. As a result, the value of the gross-cost contract should be lower compared with Operator owned fleet (given the comparatively lower cost of capital of WYCA, relative to the private sector).

WYCA would request all bidders, including new entrants, to provide additional fleet to supplement the new vehicles during the transition period, to when WYCA would provide all vehicles as part of the franchise contract agreement. WYCA as part of the Franchise contract, would impose a residual value mechanism on Operators, such that it has the obligation to acquire any fleet used as part of the contract at the end of the contract life, subject to a set of parameters being met that would be predefined by the Authority (e.g. vehicle age, fuel type). The mechanism for establishing the acquisition cost would be set out in advance as part of the terms of the franchise contract (and could be calculated on an Open Book or Market Value basis). The exact mechanism would require to be worked out in detail, including with legal input, as part of the implementation process.

3. Practical Considerations

In building on the option development in Section 2, there are a number of practical considerations for fleet to be documented as part of the assessment:

- **Acquisition model -** how WYCA intends to acquire the vehicles;
- **Contracting principles -** approach to contracting for fleet under the terms of the Franchise contract and implications for WYCA;
- **Financial implications -** how WYCA proposes to finance the acquisition of vehicles, and the underpinning approach to financial analysis;
- **Management implications -** the roles and responsibilities placed on WYCA under vehicle ownerships.

3.1 Acquisition Model

There are a number of available options from which WYCA can access buses, and other major components of ZEB specific vehicles (e.g. batteries, fuel cells), these include:

1. Acquire directly from the manufacturer - specify and place orders directly from the manufacturer to acquire the vehicles, which would be owned outright by WYCA.
2. Lease from the manufacturer - specify and lease vehicles (or major components) from the manufacturer, making a lease payment directly to the manufacturer for the vehicles.
3. Lease from an intermediary - specify and lease vehicles (or major components) from the manufacturer, making a lease payment directly to the manufacturer for the vehicles.

The specific acquisition model to be employed will be subject to a detailed business case following any decision to implement franchising. 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). WYCA has conducted a preliminary market engagement exercise with bus manufacturers to understand current market dynamics and constraints in more detail.

3.2 Contracting Principles

Following the acquisition of the vehicles by WYCA (in whatever form that takes), there will be the need to set the terms of the onward leasing of vehicles within the terms of the Franchise contract.

It is anticipated that detailed contract design would take place following any decision to implement franchising, however the current assumptions (based on the most efficient form of financing) relating to the lease of vehicles to franchise operators include:

- leasing would be carried out in a "dry lease" basis - whereby WYCA would retain minimal management activities relating to the vehicles
- Within this the maintenance, insurance and major component replacement responsibilities would be passed to the franchise operator
- Similarly, the risk and liability for passenger incidents, damage or RTA would be passed to the operator.

Vehicles would be subject to a periodic condition check by WYCA to ensure compliance with the terms of the contract (either carried out in house or via a third party), and a final "handback" check would be required at the end of each franchise contract.

3.3 Financial Implications

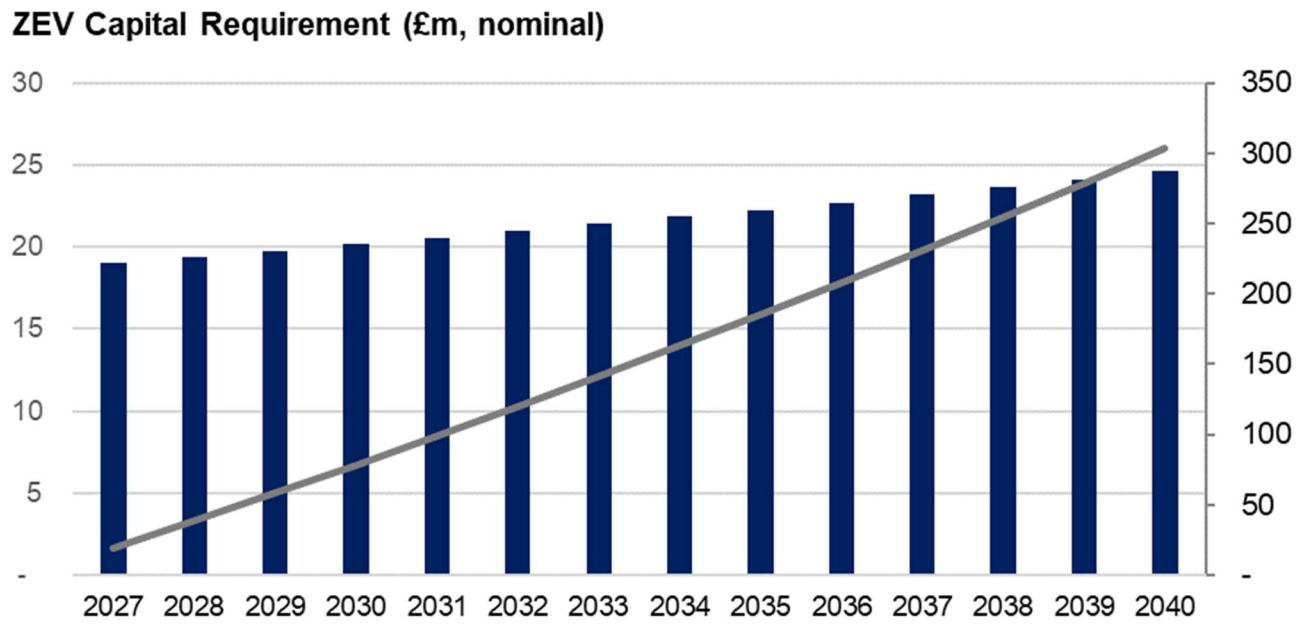
Under the Franchising option, the Authority will undertake a gradual acquisition of ZEBs in line with the natural replacement cycle of the fleet.

The mobilisation of Franchising contracts would start in 2027, but due to the lead time of 24 months, the Authority will acquire ZEBs at an average rate of approximately 62 per annum (varying from year to year) from 2025, with delivery taking place 24 months after ordering. It is assumed payment will be made upon delivery.

Based on the latest market knowledge, new ZEBs are assumed to cost approximately £274,500 per bus, net of any government or ZEBRA related funding. The consistent net cost of £274,500 across the ZEB acquisition profile is underpinned by the assumption that while initially the ZEBRA funding provides a subsidy of £160,178 towards the total cost of £434,677, it is assumed that as technology advances, the total cost per ZEB will decrease, and Government aid will subsidise the balancing figure[1].

As can be seen in Table 1 below, the Authority accumulates a total of 868 buses by the end of the appraisal period, equating to £238m of Capital costs in real terms, or £330m in nominal terms based on UK CPI inflation.

Chart 1 - Profiled ZEB CapEx



[1] Assumed ZEBRA funding is based on 75% of the difference between the weighted average cost of a ZEB (£434,677) and diesel bus (£221,107)

Table 1 - Profiled ZEB CapEx

Year	Number of ZEBs acquired/ delivered	Cumulative number of Authority ZEBs acquired	Cumulative CapEx of ZEBs (£m real, 2020/21)	Cumulative CapEx of ZEBs (£m nominal)[2]
2027	62	62	17.0	19.0
2028	62	124	34.0	38.4
2029	62	186	51.1	58.2
2030	62	248	68.1	78.3
2031	62	310	85.1	98.9
2032	62	372	102.1	119.9
2033	62	434	119.1	141.3
2034	62	496	136.2	163.1
2035	62	558	153.2	185.4
2036	62	620	170.2	208.1
2037	62	682	187.2	231.3
2038	62	744	204.2	254.9
2039	62	806	221.2	279.0
2040	62	868	238.3	303.6

The Authority has a couple of options when determining the financing of the acquisition of ZEB. Firstly, the Authority could purchase the ZEBs themselves or pay private sector rates of interest on the buses.

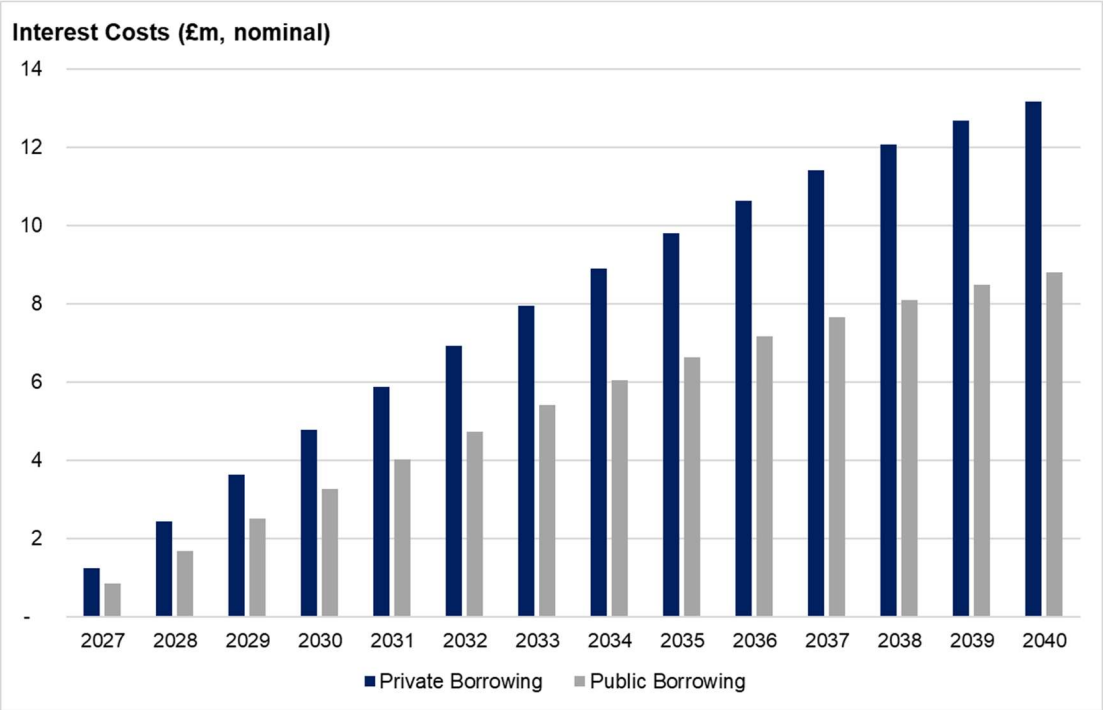
The most value for money approach to the acquisition of ZEBs would be through prudential borrowing, either through PWLB or UKIB. The UKIB approach to borrowing looks at using the PWLB annuity loan including the certainty rate (0.2% reduction implemented on 1 November 2012) provided by DMO. This would cover the useful economic life ("UEL") of the ZEB. The UKIB then applies a 0.2% reduction. Therefore, the Authority would be charged a 4.27 (25 April 2023 PM) interest based on a 15 year annuity loan.

On the other hand, if the Authority were to approach the private sector to borrow, the interest rate would be expected to be higher by c. 2.0% which would create an additional interest burden on the Authority which would need to be covered by farebox income or alternative funding means.

The benefit to the Authority of using public sector borrowing is the savings which can be made through interest payments. Over the 15 year period, the savings increase with the final period of appraisal in 2040, savings between public and private borrowing would reach c. £4.4m (Chart 2).

[2] Note: ZEV related fit-out costs included within Depot cost assumptions

Chart 2 - Public vs Private Interest Costs



3.4 Management Considerations

As the option to undertake franchising represents the biggest step change from how the network is currently operated, there are several key management and resourcing considerations that need to be assessed with regards to WYCA providing fleet.

A series of working sessions have been conducted and have identified that a requirement exists to reshape and develop the Transport Operations - Facilities & Assets team with a number of new roles and positions being identified as critical to the success if the decision to conduct franchising was adopted. As the decision to franchise would be transformational in nature, it is essential to ensure that the management function has all the necessary skills and capabilities to transition from operator owned fleet to authority owned fleet.

The following details the incremental resourcing required based on the outputs from the working sessions. In totality a further incremental increase of 7 FTEs have been identified as being essential to equip the team with the skillset to transition from the current Status Quo. These incremental resources will be recruited during the preparation for implementation phase.

- 1 Head of Fleet Strategy.
- 2 Asset Managers.
- 1 Contract Compliance Assistant.
- 1 Asset Management Systems Administrator.
- 1 Asset Management Assistant.
- 1 Infrastructure Schemes Assistant

Annex A - Practical fleet considerations - risk and responsibility allocation

The following table describes the risk and responsibility allocation of a range of practical considerations across both Options shortlisted in this draft fleet strategy.

	Operator owned and provided fleet	Authority owned and provided fleet
Specification definition	• Defined by Operator (assumed vehicle already acquired)	• Specified by WYCA as part of acquisition process
Vehicle maintenance (technical) and "soft maintenance" (cleaning)	• Maintained by Operator (Operator owned vehicles) and maintained to standards set in the Franchise contract	• Maintained by Operator under terms of the Lease Agreement under Franchise contract (assumed "dry lease") - regular (annual) checks carried out by Authority with contractual mechanism for any underperformance
Insurance	• Insured by Operator, contractual obligation under terms of Franchise Contract (evidence required and checked annually)	• Insured by Operator, contractual obligation under terms of Lease Agreement (evidence required and checked annually)
Major component replacement	• In line with vehicle maintenance - Operator responsibility	• Authority required to have the requisite capacity and capability to undertake major component replacement (either in house or outsourced)
Passenger incidents	• Operator responsibility under the terms of the Franchise Contract	• Operator responsibility under the terms of the Franchise Contract (and any Lease Agreement)
RTA responsibility / liability	• Operator responsibility under the terms of the Franchise Contract	• Operator responsibility under the terms of the Franchise Contract (and any Lease Agreement)

Appendix 3.3 Bus Reform Depot Position Paper

WYCA Bus Reform Assessment - Franchising Case

Depot Position Paper

Introduction & Context

WYCA is undertaking an assessment of reform options for the future provision of bus services in the Region - assessing (i) Enhanced Partnership (as Reference Case) and (ii) an improved Enhanced Partnership (EP+) and (iii) gross-cost Franchising. In developing the assessment, WYCA is required to set out an indicative Franchising option to compare against other reform options.

Franchising represents the most significant step-change from current bus service provision and in the role that WYCA could play. As part of developing the Franchising case, it has established a number of commercial success factors, including the need to drive competition, exert control over the network, break down barriers to entry and level the playing field.

To address these commercial success factors, WYCA has the opportunity to intervene in the provision of assets to support its plans for franchising, including depots.

Purpose

The purpose of this paper is to set out the proposed assumptions and approach relating to depots under Franchising for the purposes of the Assessment. WYCA has commissioned a property consultant to undertake initial analysis of existing depots in the region. The output of this analysis is then taken alongside an assumed cost profile for the fit out / Zero Emission Bus (ZEB) infrastructure enhancement work, so that all asset related aspects of the assessment are aligned (the details of the exercise carried out by the property consultant is further defined in detail in section 2).

There are a number of elements of the Assessment which rely on the approach to depots, including:

- **Commercial Case** – sets out the commercial principles in relation to depots and how it can allow WYCA to realise its commercial success factors;
- **Financial Case** – includes the financial implications of each option being explored through the Assessment. Any resulting financial implications of depot ownership by WYCA will be captured in the financial analysis;
- **Management Case** – sets out the proposed management arrangements for each option. Under Franchising, any role WYCA may wish to play in relation to depots will require appropriate management arrangements to be put in place.

Structure

This position paper is structured as follows:

1. **Initial options appraisal –** following an initial workshop in Nov 2022 with WYCA officers, an initial options appraisal was carried out. The findings of which are set out in Section 1.

2. **Emerging preferred option –** the emerging preferred option from Section 1 has been described in further detail in Section 2.

3. **Conclusion -** while the current position on depot is set out for the purposes of assessing reform options, there are a number of key considerations for other elements of the Assessment that require further development. These include the acquisition model, contracting principles, financial and management considerations of the option.

1. Initial Options Appraisal Findings

An initial options workshop presented the commercial objectives (Outlined below with further description included) that WYCA is seeking to achieve through any preferred option.

- **Public Sector Influence -** WYCA requires certainty that its investment will support its intended outcomes. The delivery option commercial model should allow WYCA to have influence over bus network outcomes.
- **Best Value -** The delivery option must robustly and transparently show that it is able to achieve a suitable combination of price and quality which will contribute to passenger affordability.
- **Driver of Competition between Operators -** The delivery option should be commercially viable for Operators and facilitate strong competition, whilst being compliant with relevant competition rules. The model must facilitate the participation of small and medium sized Operators and new entrants to the market by removing unnecessary barriers to entry.
- **Appropriate risk allocation -** The delivery option should allocate risks to the public and private sectors that they are most capable of managing. Risk allocation should be considered in relation to the delivery option, including fare revenue risk, operating cost risk, service standards and asset provision.
- **Ease of Implementation of option -** The delivery option must be practical to implement and put in place a model that is sustainable over time.

During the Assets workshop in November 2022, two contrasting approaches (outlined below) to depot provision were considered, the underlying differences in the approaches have the potential to impact WYCAs ability to meet these commercial objectives. In particular, the objective surrounding competition as depots, by their nature, are large physical assets with a long-life span and a relatively illiquid market. As a result, depot ownership by existing operators can create a significant barrier to entry for new entrants into the market, and potentially hinders the growth ambitions for many SMOs.

As stated, two broad options were considered, discussed and appraised during the options workshop:

Option 1: No Intervention - Under a do nothing scenario, WYCA would let franchise contracts to operators which would require the operators to provide their own depot;

Option 2: WYCA takes steps to make assets available to all bidders of "A" lot franchise contracts - Under Option 2, WYCA would provide a publicly owned/leased depot to the successful bidders of "A" lot contracts which will be used by the operator for the term of the franchise contract.

Summary of appraisal
Option 1: No Intervention ● While option 1 provides a “simple” solution to depot provision, including limited implementation impact, operational or financial risk, it was broadly viewed as not likely to achieve the commercial objectives of WYCA, particularly in relation to competition. **The option was therefore discounted.**
Option 2: WYCA intervention to Access Depots ● The concept of a transition to WYCA ownership in the form of either purchasing operator owned depots or developing brownfield industrial sites was considered a logical option. It provides an opportunity for WYCA to access depots and remove significant barriers to entry. ● However, it presents a challenge in that it is likely to increase the levels of financial exposure for the Authority as acquiring/developing depots with the appropriate technology and infrastructure throughout West Yorkshire will require a significant capital investment. There is also a need to fully consider the level of resourcing required in order to manage such a portfolio of assets. **On this basis, this option is selected for further detailed development**

2. Emerging Preferred Option

Section 1 presented the outcome of an initial appraisal of high level options. The primary option to be taken forward for development was Option 2, where WYCA would provide operators who were successful in bidding for a franchise contract access to depots. In order to proceed with the following option, a detailed Outline Business Case for spend approval will be undertaken.

This section sets out the option in further detail.

Option 2. WYCA intervention to Access Depots

Given the challenges associated (noted in the summary of appraisal) with acquiring a fully owned and equipped portfolio of WYCA depots ahead of the initial series of contracts, two approaches have been identified in order to progress option two, and these are outlined and described in detail below:

Approach 1.1 - Access of current depots

WYCA has undertaken a desktop and field based assessment of existing depots and has concluded on a list of potential sites throughout West Yorkshire. Following any decision to pursue franchising, it intends to then engage with existing Operators in relation to acquiring current depot sites. We have chosen a list of depots, the summarised total for which is set out in Table 1, for the purposes of the assessment, however, alternative existing, suitable depots exist within the region and subject to further in-depth analysis, have the potential to be viable options.

Depots could be accessed by the Authority through either:

- **Acquisition -** WYCA acquires depots that would be fitted out with ZEB infrastructure in line with the ZEB strategy.
- **Leasing** – WYCA leases existing depots from Operators to make available to Operators of franchise contracts. This would be subject to negotiation with existing owners.

Approach 1.2 – WYCA explore the potential to acquire land for new depot development

WYCA recognises that in all circumstances, it may not be possible to access existing depots from Operators. As a result, there may be the requirement to develop new depots. Under this scenario, WYCA would look to acquire a suitable site (greenfield, brownfield), achieve planning permission for a new depot and commission its development.

Irrespective as to what approach is adopted, WYCA would provide access to depots as part of a successful contract bid, and during the Franchise term, Operators would be responsible for maintaining the depots to specified standards and required to hand back to WYCA at the end of the Franchise term in good condition.

The Operator would receive the use of the depots, under Franchise contracts, without charge or for a peppercorn rent. As a result, the value of the gross-cost contract should be lower compared with Operator owned depots (given the comparatively lower cost of capital of WYCA, relative to the private sector).

3. Conclusion

Under the franchising option, the assessment will assume that approach 1.1 is undertaken – however, this would remain subject to detailed business case analysis, should the decision be taken to pursue franchising.

In order to inform the assessment, WYCA has commissioned a set of studies by market-leading property agent to assess existing depots, in order to ascertain a reasonable purchase price for the purposes of assessment. This will be taken alongside an assumed cost of fitting out / refurbishment of acquired depots to meet WYCAs requirements (e.g. ZEB capable).

The results of this analysis is summarised in the table below, with an assumed total cost of £83.9m, comprising £27.5m to acquire the assets, and £56.4m to complete refurbishment and fit out[1]. As noted above, this analysis is solely for the purposes of comparing regulatory options and is subject to detailed business case processes following any decision to pursue franchising. It is acknowledged

Table 1. Summary of assumed cost for purposes of assessment

[1] Note – this reflects an assumed gross cost of depot refurbishment per ZEB (excluding available ZEBRA funding)

Zone / Depot (All figs 2023, real terms)	Market Value (Assumed acquisition cost)	Assumed Capacity Acquired	ZEB Fit Out Cost[2]	Total Cost
Total	**£27,485,000**	**868**	**£56,420,000**	**£83,905,000**

[2] ZEB fit out cost is assumed on the basis of number of ZEBs acquired. No ZEBRA funding is shown in the total figure

Aggregated Market Engagement Summary

1. Introduction and Purpose

The West Yorkshire Combined Authority (the Combined Authority) has engaged with bus operators on questions in relation to its developing Bus Reform assessment, which is being developed in accordance with the statutory process set out under the Transport Act 2000 (as amended by the Bus Services Act 2017). Our overall aim is completion of an assessment and enablement of a Mayoral decision on whether to proceed with the making of a franchising scheme.

These engagement sessions have been conducted in order to gain insight from bus operators on key factors regarding the Enhanced Partnership Plus (EP+) model and the draft franchising model. We have used our best endeavours to summarise feedback from operators as recorded in those discussions, or shared via correspondence, grouped broadly around the key themes as presented in the market engagement document shared in advance of the sessions. These engagement sessions were offered to all operators currently operating in West Yorkshire, following an introduction at the bi-monthly operator forum meeting on Bus Reform held in March 2023, with ringfenced group sessions offered to smaller operators as well as 1-2-1 sessions.

Following the market engagement 1-2-1 sessions, a further meeting was also held with a number of operators on further proposals related to the Enhanced Partnership 'Plus' proposal, and then a series of thematic workshops. These conversations were further taken forward by West Yorkshire Operators to produce a proposal document and supporting commitment letters to the Combined Authority, which can be read at Appendix 1.3 to the Assessment.

1.1 Participants

First Bus West Yorkshire
Arriva Yorkshire
Transdev
TLC Travel
Stagecoach Yorkshire
Connexions*

*Responded to WYCA and arranged 1-2-1 session, however, were ultimately unable to participate.

1.2 Context

As shared within the market engagement brief, WYCA has identified two options against the reference case within the Bus Reform Assessment. They are as follows:

Option	Detail
Enhanced Partnership - as is (reference case)	Continue with current arrangements, with Schemes as agreed and any business as usual plans or improvements that the CA would adopt, and any improvements or changes planned by operators.
Enhanced Partnership - plus	Push the limits of the Enhanced Partnership framework and related legal arrangements, with new Schemes aligned to CA vision as far as legally possible.
Franchising	Replacement of existing de-regulated commercial system with services contracted by the CA, exact variation of Franchising to be determined.

The market engagement brief contained draft interventions for each of the two options and their impacts. Operators were asked to feedback in relation to these interventions, and a number of questions were provided to inform engagement and it is around which the feedback received has been summarised within this summary document. This engagement period was positive, and we are currently collaborating with operators and CPT to see if any further enhancements can be achieved in the EP+ model. Alongside this, we also shared WYCA's proposed Franchised model.

Market Engagement Feedback

The following section contains a summary of the feedback from the market engagement in relation to Enhanced Partnership Plus and then Franchising:

Enhanced Partnership Plus

Proposed model shared with operators:

Elements	Interventions	Impact / Rationale
Network	**•Qualifying Agreements aligned to EP schemes/ key corridors** **•Traffic Commissioner powers (registration function) transferred to the CA**	**•Ability to move resource around the network allowing for potential extension of other services or introduction of new services.** **•Route rationalisation (specification of frequencies) on over-bussed corridors.** **•Traffic Commissioner powers to aid enforcement.**

Fares & Ticketing	**•Reduction of price of multi-operator tickets (funding allowing)** **•Capped fares and further use of subsidy to reduce cap (day, week, monthly tickets)** **•Additional concessionary fares schemes**	**•May make multi-operator ticketing more attractive to encourage multi-operator/multi-stage journeys.**
Customer Services & Information	**•Improvement in customer information through Metro channels, working towards common approach** **•Better marketing of multi-operator and capped fares.** **•Expanding network navigation work to include common on bus branding elements**	**•More streamlined and aligned approach to customer service** **•Potential for improved customer satisfaction (and confidence in purchasing best value tickets)** **•Improve customer recognition of WY bus network**
Bus Priority	**•This links back to network elements** **•EP schemes and bus priority – agreeing journey time savings. Link to qualifying agreements.**	**This links back to network elements**
Green Vehicles	**•Specification of zero emission buses in targeted areas to work towards zero emission fleet by 2036.** **•Subsidised funding for zero emission buses (funding allowing).** **•Introduction of common bus branding elements (see above)**	**•Increase in zero emissions buses** **•Targeted air quality improvements** **•Improve customer recognition of WY bus network**

Questions & Feedback

Would you support the interventions listed within the EP+ option?

- There was common feedback from operators in support of the majority of the interventions listed, although a number of operators stated that they thought further success could be achieved in an EP+ model.
- There was common support for the use of qualifying agreements contained in model issued in the market engagement brief.

What would you see at the key challenges to delivering the EP+?

- Improving bus priority is the key to improving the health of the network, regardless of the governance.
- One operator referred to necessary improvements being made to service change protocols as key to the EP model.

Is there anything missing from the EP+ that you think should be/would support being included within its scope?

- We received feedback that there is willing to explore further co-operation and collaboration to improve disruption notifications, service change protocols and traffic management agreements.
- There was common support for fare simplification and cross-operator options for passengers across multiple operators.
- One operator stated that they would be interested in exploring a profit sharing-based agreement based on customer focussed KPIs.
- A number of operators suggested to adopt Project Coral (an approach to contactless ticketing) to support multioperator ticket capping following its trial In West Midlands.
- Some operators did reference the view that an EP can achieve most required components asides from regulating fares, however, we have already achieved this in West Yorkshire (referring to Mayors Fares) so there is scope for expanding the EP as opposed to Franchising.

What has worked well and what has been challenging about the EP to date?

- There was common praise for the EP model and the cooperation between operators, WYCA and districts.
- Despite the above, there was broad support amongst the operators for further objective-led milestones to be incorporated into any EP model.
- Most operators felt there was ample competition within the current EP model.

Operator-led EP+ proposals

As outlined in the introduction, following the initial 1-2-1 based market engagement period; a number of operators developed additional proposals into an EP+ offer, with a commitment to work with WYCA to further develop the delivery details of these proposals. WYCA agreed to continue exploring whether these proposals would provide any further benefits beyond those already assessed as being delivered by the EP+ Key elements which the operators saw as distinguishing their model from the original proposed model included:

- **Enabling open book account management and route performance management with WYCA**
- **Limiting the number of standard service change and stability dates**
- **Simplification of the ticket range and displaying ticket prices on journey planners**
- **Standardisation and delivery of enhanced driver training modules with the aim to have the highest customer satisfaction with drivers in the U.K**
- **Collaboration as Operators to manage disruptions to ensure minimal delays and inconvenience to customers, such as via the current Husky protocols**
- **Aiming to achieve a 100% zero-emission bus fleet by 2036 (subject to funding) and set decarbonisation targets for wider depot and operations**

- **Alignment behind service and quality level agreements along corridors that have benefited from bus priority measures, to ensure full benefits are reached.**

WYCA agreed to continue exploring these with operators, to consider whether any of the additional points raised would provide benefits above and beyond those already expected for EP+ within the constraints of the assessment framework, whilst recognising that that framework did not necessarily envisage additional public sector investment that might be required for some of the outcomes, and that operators had yet to demonstrate an enforceable legal model that would support delivery of other elements beyond those already considered within the EP+ framework.

Franchising Proposal

Proposed model:

Franchising variation	Franchising Option to be assessed	Emerging Rationale
Scheme area	**West Yorkshire wide, recognising the different needs of bus services in each District area**	**•Driving consistency and improvement across the whole of West Yorkshire •Alternative partial geography would mean inconsistencies and different experiences within West Yorkshire •Would replace the current EP scheme geography to ensure continuation of existing corridors and routes**
Services contracted	**All services, with permitting in particular for cross-boundary services that cannot be franchised. Possible inclusion of school services (under review).**	**•Can affect greater network changes and coordination •Permitting recognises the continued importance of cross-boundary services in particular •School services are not uniform across the region and require further consideration, particularly in relation to depot integration**
Revenue risk on contracts	**Full fare box control and revenue risk on all contracts – 'gross cost' approach.**	**•Enables greater control and simplification of fare structures •Creates a clear link to control of network changes**
Assets ownership	**Staged investment in full asset ownership – bus depots and a 100% zero-emission bus fleet.**	**•Balancing upfront capital investment costs against influencing competition and managing expertise •Provision of depots for large franchise contract lots to encourage competition.**

Procurement round	**Staged transition with multiple rounds based on geographical areas.**	**•Encourage competition among operators and regulate the flow of contracts to the market** **•Support efficient allocation of resource in WYCA by undertaking procurements for each lot sequentially**
Contracting bundling size	**Mixed sized contract bundles to facilitate competition, interest from larger operators and participation of smaller-to-medium sized operators.** **Social value to be considered as part of the contracting strategy.**	**•Providing lots of sufficient scale to attract bids from larger operators, sized on the basis of a single depot; and** **•Providing lots that give smaller operators the opportunity to participate and grow and encourage new Small & Medium sized Operators (SMO) entrants.**

Q&A

Scheme area and services

What is the optimum contract size / Peak Vehicle Requirement (PVR) for you to operate out of a single depot? What factors determine this?

- The necessary PVR varied amongst operators due to factors such as geography, operator size, recruitment and presence.
- In terms of recruitment, TUPE was referenced by two operators as a potential usage mechanism if branching into 'new' areas.

What are your views on including/excluding schools services from franchising?

- We understood that operators are largely in favour of including school service in any potential franchising agreement.

What practical challenges do you see for introducing franchising?

- We understood that the majority of operators saw the length of time and cost of implementing a franchising model as the main practical challenge.
- We understood that there was an aversion to follow in the same steps of Greater Manchester in terms of their franchising process as there are questions around its efficacy.
- Some operators expressed an interest in ensuring any franchising process is actioned at a steady pace as it can be quite a difficult process to push through.

Revenue and risk

What do you see as the benefits of a gross cost approach compared to net cost alternatives?

- We received feedback that gross cost was the more favourable option for operators due to risk mitigation, however, we do also understand there is some will and scope for a profit-sharing mechanism also.

- One operator expressed that gross cost is the only viable option in a franchising scenario.

Are there particular design factors to operations that you see as challenges / critical?

- We noted common feedback that recruitment and retention as risks in a potential franchising scenario.
- We understood that there is a potential risk of operator innovation and investment falling post franchising decision.
- We noted that there is a potential risk in that not enough SME's have the scope or the resources to take on further work in a potential franchising scenario.
- One operator was keen for further collaboration with funding bids to move towards an accelerated green pathway.

Asset ownership

What are your views on making depots available as part of contracts?

- We understood that depot provision could be attractive for operators who are branching into West Yorkshire or SME's.
- Some operators made the point that depot specification and acquisition should have operator input.

What are your views on the making depots available based on the size of franchise contract lots?

- We understood that anything that is providing capital or assets as part of a commercial change, would be deemed as a positive for smaller operators.

What are your views on depot sharing, if depots were made available as part of contracts?

- Single depot provision instead of shared provision is largely preferred as this helps to alleviate risks such as data protection, engineering challenges and HR complexities.

What are your views on making fleet available as part of contracts?

- Whilst we understand there is broad support for fleet provision, there is also a keen interest in operator input in this, and some operators raised concern about specification of buses.
- WYCA's lack of experience (comparable to operator partners) in fleet acquisition was noted by some operators. This point was mirrored in depot acquisition.

Procurement and contracts

- *Franchise procurement rounds*

What opportunities or risks do you foresee, in the design of the geographic areas?

- We noted support from a number of operators for a route-by-route tendering service.
- One operator references that time for mobilisation would vary on whether they were branching into a new area or consolidating in one they already operate in. The different costs associated with this would need to be considered.

What opportunities or risks do you foresee in the phasing (order and timing) of procurements?

- We understood that there is a keen interest in developing what cross-boundary services would look like in a franchising scenario.

- *Procurement process*

What, if anything, would prevent you from submitting a bid in a franchising scenario?

- We understood that penalty clauses, fleet inheritance, revenue risk and commercial risk would all be seen as important decisions in considering submitting a bid in a franchising scenario.
- One operator referenced that lack of depot provision could create a barrier to operators submitting a bid.

Roughly how long would it take you to mobilise for a contract? What determines this?

- We understood that contract mobilisation timeframes varied due to factors including operator size, recruitment, geography and infrastructure. Ultimately, the more generous the timeframe provided, the better.

- *Franchise contract length*

What is the optimum contract length from an Operator's perspective and why?

- We understand that a 5-year minimum contract was almost unanimously requested in order to ensure stability and growth.

What are your views on how flexible franchise contracts should be in terms of client requirements?

- We understood that there was some support for flexibility within the contracts.

Questions specifically aimed at small operators

What would incentivise you to expand your operations?

- We understood asset provision and a simplification of contractual processes would assist smaller operators to expand.
- We also heard that SMEs are likely to be led by the terms of the contract when deciding whether to expand.

What do you think are the advantages/disadvantages of franchising for you?

- We understood that smaller operators are more likely to experience trouble with the evidencing and complexity present within contracts. This would become a bigger issue if smaller operators were to take on a greater workload.

Appendix 4.1 Financial and Data Model Databook

West Yorkshire Combined Authority – Franchising Assessment

FINANCIAL AND DATA MODEL DATABOOK

June 2023

Final

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1. Introduction

As part of the ongoing assessment of the future options for bus services in West Yorkshire, WYCA has developed a model (alongside its advisors) to inform the Franchising Assessment, specifically the outputs and details included within the financial case of the franchising assessment.

This document provides instructions on how to use the WYCA Franchising Assessment Financial Model, 'WYCA Financial Model v72.xls' (the "Financial Model"), and Franchising Assessment Data Model 'WYCA Data Model v22' together with details of the assumptions used. It has been drafted in line with the requirements of West Yorkshire Combined Authority ('the Authority').

1.1. Purpose and outputs

The purpose of the Financial Model is to compare the financial impact to WYCA on the cash flow of a number of options under consideration as part of the Bus Reform Assessment. The outputs of the Financial Model directly inform the Financial Case of the Assessment. These options include:

- Reference Case (a.k.a. 'Enhanced Partnership (as is)', the status quo of bus services across the region)
- Enhanced Partnership Plus (EP+)
- Franchising

A key output of the Financial Model is the annual net cost of each option, which is the amount that WYCA will require to be funded in order to provide an assumed network of bus services across the West Yorkshire region. This output relates to the affordability of each option and is a key consideration for the selection of the preferred option for future bus reform.

The Financial Model relies on inputs from the Data Model, which is also described below.

1.2. Additional details

The Financial Model comprises 33 separate sheets, and is coded in Microsoft Excel for Windows. The Financial Model is not circular, and does not include any circular formula which requires macros or VBA (for example, debt sizing).

Where it is efficient to do so, VBA is used to speed up time intensive processes such as the running of sensitivities. The VBA code can be found in the developer ribbon under 'Visual Basic' with the relevant modules describing the process taking place.

Where appropriate, formulae used in the Financial Model are left-to-right and consistent across the rows.

The project is modelled on an annual basis using the Authority's financial year (commencing in March) throughout the appraisal period, which in line with the Franchising Assessment is assumed to begin in 2026/27, and end by 2040/41 (together taken as the "Appraisal Period").

2. Function of Models

2.1. Architecture

The Financial Model is structured in a way to clearly articulate the flow from the three component parts of the model:

1) Inputs & Assumptions - as set out within this Databook, the assumptions are based on i) the Forecasting Model used in the Economic Case, and ii) inputs directly provided by WYCA. Both of these influence the output of the Financial Model and financial case of the assessment;

2) Calculations - bringing together the inputs and assumptions, these calculate the annual impact on a nominal basis to WYCA;

3) Outputs - the results of the Financial Model which feed directly into the Financial Case for the Assessment.

Each section of the Financial Model are detailed in the table below:

Sheet/Section	Description/Comments
Disclaimer	Title page, including disclaimer by the advisor.
Inputs	
I_RevCost	Summarised cost and revenue inputs for a given budget/demand scenario, derived from the above input sections. The information is received from the Data Model and sourced from the Forecasting Model, undertaken for the Economic Case assessment
I_Macros	Non-time based assumptions and factors used to calculate the outputs for the sensitivity analyses found in O_Ref_Case; O_EP +_Case; O_Fran_Case. These are used by the VBA coding found in O_Summary_Graphs.

I_NTB	Non-time based assumptions. This is an input page for all values which do not vary with time or have a fixed amount over time. This includes key assumptions for each option considered under appraisal, including option implementation, staff costs, overhead levels, margin payable, as well as capital investment costs and financing assumptions.
I_TB	Time based assumptions. This is an input page for key assumptions which will vary over time and have a time based profile, such as specific costs under each option.
I_Indexation	The WebTag inputs which are used by the Financial Model to determine the indexation factor in C_Indexation. Different income and cost line items follow different indexation profiles. The Base Year is also described in this sheet.
Calculations	
C_Time	Sets out the profile of timings to be used throughout the Financial Model. This ensures both time based and non-time based inputs follow the correct time profile.
C_Indexation	Sets out the indexation factor and discount factor for all income and costs in the Financial Model with based on the WebTag data included in I_Indexation.
C_Expend_Real	The time profiling of costs from NTB inputs without inflation(real terms) over the appraisal period.
C_RevCostNominal	Revenue and cost profiles taken from the I_RevCost sheet for a given budget/demand scenario and inflated (nominal terms) using indexation factors as per C_Indexation.

C_Expend_Nominal	Detailed costs from NTB inputs and C_Expend_Real and converts them into nominal terms over the assumed appraisal period..
C_Depots	Sets out cost and timeline expectations of the Authority's capital investment in depots, based on assumptions and inputs in I_NTB. All costs within are in real terms.
C_Depot_Financing	Sets out financing costs for capital investment in depots, based on cost expectations in C_Depots and assumptions in I_NTB. Also includes calculations for determining savings/opportunity costs to the Authority through Operators no longer being required to provide depots.
C_Fleet	Sets out cost and timeline of acquisition expectations of the Authority's capital investment in the bus fleet, based on assumptions and inputs in I_NTB.
C_Fleet_Financing_Pub	Sets out financing costs for the Authority's capital investment in fleet using prudential borrowing, based on cost expectations in C_Fleet. Determines the annuity payment for the public financing of fleet.
C_Fleet_Financing_Priv	Sets out financing costs for Operator capital investment in the fleet, based on cost expectations in C_Fleet as well as the private borrowing costs assumptions from I_NTB.
C_Sinking_fund	Sets out the amount that the Authority saves on providing fleet and depot through public borrowing compared to private borrowing which is then deposited into an account to pay for future maintenance / capital cost.

C_Transition_Financing	Sets out annual cost for transitional costs for both Enhanced Partnership Plus and Franchising options using assumptions and inputs from I_TB and the Management Case.
C_Operator_Payments	Calculates payments to Operators for supported services and/or franchised services, for each of the options (inclusive of margins), net of any savings for depot, fleet, and staff cost avoidance.
Outputs	
O_Budget	Details the total budget for the Reference Case, Enhanced Partnership Plus and Franchise Case for real and nominal in each scenario Base, Upside and Downside.
O_Ref_Case	Details income and cost (in nominal terms) to the Authority over the appraisal period, under the existing commercial arrangement for bus services across the region i.e. Enhanced Partnership (as is). Key output is the net cost to the Authority, which represents the amount to be funded through the levy to districts within West Yorkshire.
O_EP+_Case	As per above, detailing outputs for the assumed Enhanced Partnership Plus.
O_Fran_Case	As per above, detailing outputs for the Franchising scheme.
O_Levy_Check	Calculates the net payments to operators and the utilisation of budget across the options.
O_Summary_Graphs	Includes graphs comparing different funding and demand scenarios for each of the Cases. Sensitivities are run from this sheet using the VBA buttons provided.

O_Summary_Calcs	Sets out calculations used in the Financial case to determine % change in management costs and prudential borrowing costs for each Case
O_Summary_Cost_Analysis	Summarises costs for Expenditure, Levy Target Budget, Operator Impact with Year on Year comparisons for Levys, Margins Implied Costs of the bus service and Capital Borrowing Real and Nominal.
O_Summary_Comps	Includes scenario comparison tables for each Case for Funding and Demand scenarios as well as data tables showing budget utilisation.
O_Cashflows_for_BC	Includes cash flows, graphs, and other tables for inclusion in the business case (presentational).
O_Steer_Budget_Available	Sets out the budget to be provided to the Economic Case advisor to determine level of service provided, income and expenditure across the options.

Each section of the Data Model are detailed in the table below:

Sheet/Section	Description/Comments
Disclaimer	Title page, including disclaimer by the advisor.
Inputs	
I_Base_Low	Input from the Economic Case advisor on the Base Case funding scenario with low demand.

I_Base_Central	Input from the Economic Case advisor on the Base Case funding scenario with central demand.
I_Base_High	Input from the Economic Case advisor on the Base Case funding scenario with high demand.
I_Upside Low	Input from the Economic Case advisor on the upside funding scenario with low demand.
I_Upside_Central	Input from the Economic Case advisor on the upside funding scenario with central demand.
I_Downside_Low	Input from the Economic Case advisor on the downside funding scenario with low demand.
I_Downside_Central	Input from the Economic Case advisor on the downside funding scenario with central demand.
I_Downside_High	Input from the Economic Case advisor on the downside funding scenario with high demand.
O_RevCost	The outputs from the Economic Case data which is transferred to I_RevCost in the Financial Model.
O_Demand	Sets out the outputs for the passenger journeys for each option and scenario which goes into the financial case document

2.2. Colour Coding

Hard-coded input cells are yellow and are the only cells which should be altered by a user. Grey cells in the Financial Model denote inputs and calculations that are driven by formula, while white cells represent all outputs driven by formula.

2.3. Macros

Some basic macros are included for the purpose of delivering data for graphs and sensitivity analysis for each case. No macros are required to solve any circular calculations or for calculating primary inputs.

2.4. Sensitivities

Sensitivity switches have been included in the Financial Model to allow for detailed analysis of the impact of key assumptions on the financial results of the project. Sensitivities can be carried out by amending the inputs on the I_NTB sheet. The process for running the specific sensitivities within the Financial Case report is undertaken through the VBA encoded on the Summary Graphs tab. This uses VBA coding with sensitivities run off the I_Macros sheet. These reflect a range of key assumptions, including timing of lot dates, capital expenditure, as well as financing and operational cost assumptions.

Basic macros have been included for the EP+ and Franchising cases (denoted as “EPplus_Sensitivity” and “FC_Sensitivity” respectively), which allows for the automated refresh of outputs across a range of sensitivity scenarios.

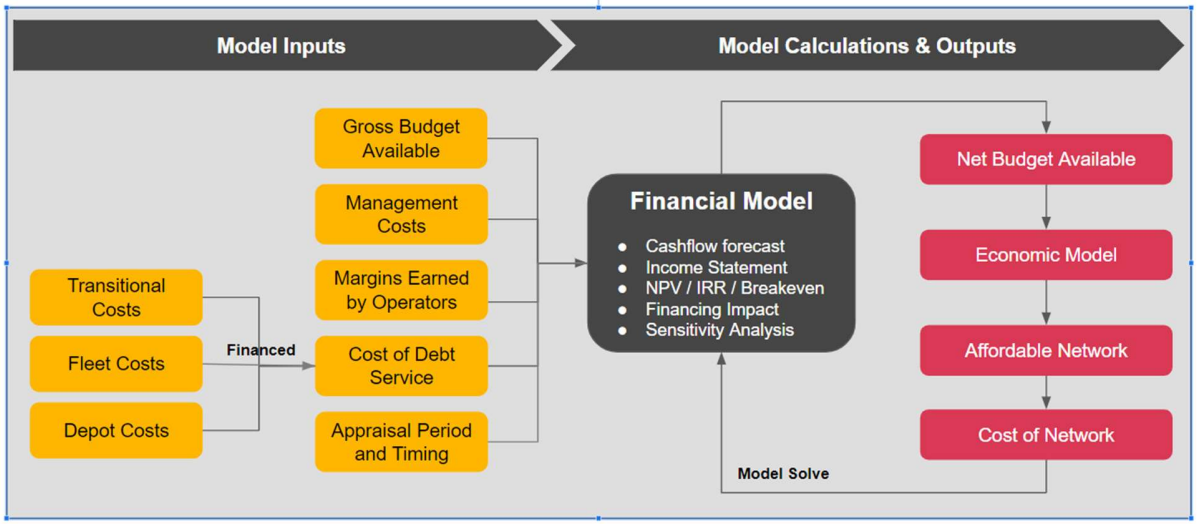
2.5. Optimisation Process

Overall, the inputs to the Financial Model have been optimised externally in the economic Financial Model to target a specific level of subsidy for bus services, payable by the Authority and raised/funded through the levy to the districts within WYCA.

Adjustment of the inputs included in the I_NTB sheet, as well as the adjustment of the sensitivities for network and demand in the Outputs dashboard, do not require re-optimisation by the user. Instead, the Financial Model will automatically calculate the updated outputs.

In order to add more scenarios for network and demand assumptions, the user will need to amend the specific input data provided from the Forecasting Model (shown in the sheets with orange tabs in the Financial Model).

The below diagram shows the process the Financial Model follows from input of assumptions from assumption owners to calculations and outputs to be inserted into the Financial Case document.



2.6. Complex or Unusual Formulae

The Financial Model has been built using Excel functions in a way to allow an easy and transparent means of understanding the commercial arrangements and financial impact of the options included within the assessment. For an experienced user of Excel, day–to-day running of the Financial Model should not cause problems, although there are a few complex formulae constructions. For example, the formulae which determines the outputs for a given level of demand and/or network levels use a nested IF and CHOOSE function (i.e. “Scenario for choose function” in I_RevCost), which pulls the relevant data from the input sheets and may appear complex due to the size of the syntax within.

3. Description of Assumptions & Data Sources

The table details external data assumptions included within the Financial Model, and the source for each assumption.

Item	Description / Assumption	Source
Bus Operations costs and revenues		
Operator operating costs	Cost to operators for commercial and supported bus services, including fuel, depreciation, driver costs, maintenance of fleet, overheads and insurance.	Forecasting Model
Operator revenue	On-bus income to operators through provision of bus services	As above
ENCTS payments	Payments to operators for concessionary travel schemes	As above
Additional Assumptions for Franchised and Supported Services		
Operator margin	Margin payable by Authority to Operator for provision of bus services, including: ● 7.5% for supported services (Reference Case & EP); ● 7.5% for franchised services	WYCA assumption - see rationale in section 5.4 below
WYCA Expenditure and Direct Costs		

Current Expenditure on bus and Sundry Income	The income streams and costs comprising the assumed WYCA bus budget in real 2021/22 terms.	WYCA assumption - Annex B
Staff costs	Staff and management costs to the Authority under each option	WYCA assumption - Annex A
Overhead costs	Cost to WYCA for the provision of bus services, including: ● Sundry Operating Costs ● Transitional Costs ● Staff Costs	WYCA assumption - Annex B
Franchising		
Lot award dates	Award dates for each of the 10 lots under franchising	WYCA Assumption - Annex F and G
Depots		
Number of depots to be acquired	10 depots required, per the following configuration: Leeds – 3 depots required Bradford - single dept required Keighley - single dept required Calderdale – single depot required Kirklees - single depot required	WYCA Assumptions - Annex J

	Wakefield - single depot required Five Towns - single depot required Heavy Woollen - single depot required	
Depot acquisition timing	Timing for acquisition of depots by Authority in relation to each Lot	WYCA Assumption - Annex J
Depot acquisition costs	Cost to acquire each Depot	WYCA Assumption - Annex J
Fleet		
Cost per new ZEB bus	As described, cost is net of government funding for Zero Emission Buses.	WYCA Assumption - Annex F
Financing		
Prudential borrowing rate	Cost of Prudential Borrowing For Authority investment in Fleet and Depot	UK Debt Management Office – Current PWLB interest rates as of 25 April 2023[1] (adjusted to reflect UKIB current rates) Annex I

[1] https://www.dmo.gov.uk/responsibilities/local-authority-lending/current-interest-rates/

Operator cost of financing fleet and depot	Assumed operator cost of debt of 6.50% over 15 year tenor, based on average cost of debt derived from financial data of relevant bus operators.	WYCA assumption based on publicly available data on operator financing costs.
Indexation		
CPI	UK CPI rate for period from April 2021 to March 2045 sourced from the latest available WebTAG CPI, which was last audited in January 2023.	WYCA Assumption - Annex D
RPI	UK RPI rate for period from April 2021 to March 2045 sourced from the latest available WebTAG RPI, which was last audited in January 2023.	WYCA Assumption - Annex D

4. Modelling Assumptions

The table below details assumptions which are made directly within the Financial Model, and are not informed by an external input or data source.

Item	Details
All Options	
Fixed Budget	A given level of budget for bus services is available in each year (typically currently starting at current bus budget, rising with inflation), and that the entire budget will be used under all options.

Consistent Service Standards	The quality of buses and other bus infrastructure is consistent across all regulatory options
Reference Case and Enhanced Partnership Plus	
Income	Authority retains on-bus income for routes that are deemed as supported services
Payments to operators	Authority pays a sum to Operators which is equivalent to their operating cost for the provision of supported services, plus a margin
Capital investment in Fleet and Depots	No capital investment is undertaken by the Authority
Concessionary Travel	Authority retains any ENCTS payments for supported services. ENCTS payments for commercial services are distributed to Operators.
Transitional costs	No transitional or other ongoing costs are incurred under the Reference Case. Authority incurs advisor costs during the periodic renegotiation of each subsequent EP Plus scheme.
Franchising	
Income	The Authority is assumed to retain all on-bus income under Franchising.

Payments to operators	Authority is assumed to pay Operators a sum which is equivalent to their operating cost of providing services under each of the Franchise lots, plus a margin.
Capital investment in Fleet and Depots	The Authority is assumed to acquire and own fleet and depots, to be used by Operators (Franchisees) in the provision of bus services.
Concessionary Travel	It is assumed that, once all Franchising lots are awarded, the Authority will retain all ENCTS payments for concessionary travel schemes.
Transitional costs	The Authority is assumed to incur advisor costs, procurement costs, mobilisation costs, and risk provisions during the first 3 years of implementation of Franchising.
Fleet Investment - Franchising	
Ongoing rate of Fleet Investment and orders	Based on an assumed total PVR of 868 buses, it is assumed that, from 2027 onwards, the Authority will gradually acquire a ZEB fleet via the natural rate of replacement. This rate is assumed to be approximately 62 ZEBs per year, with delivery taking place 24 months after ordering. The ongoing cost of fleet replacement is included in all options as an operator cost; however, the amounts payable to Operators under Franchising are adjusted to reflect the reduction in cost as assets are gradually acquired by the Authority.
Depots - Franchising	

Depot acquisition timing	It is assumed that all depots will be acquired by the Authority no later than 01/04/2027. This assumes depots will be acquired 18 months prior to the relevant Franchise lot commencement.
Depot fit-out timing	It is assumed that, upon acquisition, each Depot will require 18 months for fit-out.
Depot opportunity costs & savings	It is assumed that, through the Authority acquiring and owning depots, savings will be achieved through relieving Operators of their requirement to provide depots. These include: ● Savings through eliminating Operator opportunity costs associated with occupying the use of depot sites for bus services. ● Savings through Operators not being required to fit-out depots in order to meet the Authority's ZEB strategy for the region, based on an assumed £274,500 for each new ZEB acquired. All net savings will be assumed to be placed in reserve to cover potential risks arising.

5. Key Model Input Assumptions

5.1. Key Dates

Per Annexes F and G, the following procurement and mobilisation dates assumed for each of the 10 lots, excluding Cross Boundary:

Round	Lot	Procurement Date	Mobilisation Date
Round 1	Leeds 3	October 2025	April 2027
Round 1	Kirklees	October 2025	April 2027
Round 1	Heavy Woollen	October 2025	April 2027
Round 2	Leeds 1	July 2026	January 2028
Round 2	Wakefield	July 2026	January 2028
Round 2	Five Towns	July 2026	January 2028
Round 3	Leeds 2	April 2027	October 2028
Round 3	Bradford	April 2027	October 2028
Round 3	Calderdale	April 2027	October 2028
Round 3	Keighley	April 2027	October 2028

5.2. Budget

The budget for bus services (including ENTCS payments) is assumed to be £76,930,807 in 2021/22.

Each regulatory option within the Financial Model contains additional costs (net of sundry and bus station related income) which reduce the overall amount of budget which can be used on the provision of bus services. These primarily relate to WYCA overheads.

5.3. Inflation & Indexation

All costs are subject to indexation, with CPI and RPI used as the relevant inflation index. Due to the differences in base dates for each cost, indexation profiles for different base dates have been set up in C_Indexation.

The base date for each category of cost is assumed as follows:

Item	Base Date
Input direct from Forecasting Model	
Demand of services	2021/22
Depreciation of capital assets	2021/22
Cost inputs	2021/22
Supported services	2021/22
Input direct from WYCA	
Income Assumptions	2021/22
Bus services budget	2021/22
Depot	2023/24
Fleet	2023/24
Transitional-Management Costs	2023/24
WYCA Overheads	2021/22
Transitional costs	2023/24

5.4. Margin Payable to Operators

The Financial Model uses the assumptions that an operating margin of:

- 7.5% will be charged by Operators for all supported services (Reference Case & EP+)
- 7.5% will be charged by Operators for all Franchised services.

The margin for Franchised services is based on reviewing data available from the Bus Industry Performance 2020 report and the GMCA Bus Franchising in Greater Manchester Assessment. Further rationale on the proposed estimate of margin for franchised and supported services can be found in Annex K.

The Bus Industry Performance 2020 report suggests that margins for operators outside London should be between 7.5% and 8.5%. These are for primarily commercial services where revenue risk, fleet ownership and depot ownership are the responsibility of operators.

The GMCA case assumes a margin of 7.5% for Franchised services on a similar gross cost contract basis to this assessment.

It is possible that WYCA could use a lower estimate for margin on the basis of the risks being retained by WYCA, and the potential level of competition that could be achieved for contracts. However, the 7.5% margin has been used in the Financial Model, and sensitivities have been run on both 6.0% and 9.5% margins.

5.5. Management Costs

Each option is assumed to require different levels of management costs, based on the varying levels of control WYCA will have over the bus network, and are detailed in Annex A.

For each of the options the following costs are applied:

- The Reference Case is assumed to cost £7,615,138 per year, across c.193.58 FTE.
- Enhanced Partnership Plus is assumed to cost £8,726,436 per year, across c.219.08 FTE. A 5% contingency is also applied which amounts to an additional £52,919 per year.
- The Franchising Case is assumed to cost £10,539,283 per year, across c.262.08 FTE. A 5% contingency is also applied which amounts to an additional £139,245 per year.

Within the Financial Case, there is an element of variable management costs which look at the additional management costs for a percentage of supported services. This has been included due to the forecast in the model suggesting that there is expected to be an increased number of supported services. This is applied as an additional 1% of supported services contract value applied for the increased administration costs. This is applied to Reference Case and EP+.

5.6. Capital Investment

The Financial Model currently assumes that, for the Reference Case and Enhanced Partnership Plus options, the Authority will not undertake any capital investment in Fleet and Depots, and that these will continue to be provided by the private sector (with the exception of any fleet currently owned by WYCA).

For the Franchising option, the Financial Model assumes that the Authority will acquire depots and gradually acquires fleet which it will provide to Operators to be used in the provision of bus services for each lot under Franchising.

5.6.1. Fleet

Cost of ZEBs are based on a base year of 2023/24 and rise with CPI. All costs below are stated in real terms.

For Fleet, the following assumptions are made:

- From 2027, the Authority will acquire ZEBs at an average rate of approximately 62 per annum (static over time).
- For the purposes of simplification, ZEBs are assumed to be delivered and paid for in a back-to-back arrangement (100% of costs paid on delivery).
- It is assumed that the average cost of a single decker ZEB is £375,000, based on initial Authority discussion with providers
- It is assumed that the average cost of a double decker ZEB is £475,000, based on initial Authority discussion with providers
- The weighted average cost of ZEBs is done proportionally based on the number of single and double deckers in West Yorkshire. According to Authority figures, there are 740 double decker buses in West Yorkshire compared to a total of 1,240 buses, c.59.7%.
    - The weighted average cost of a ZEB is therefore worked out as £434,677.
- The assumed cost of a diesel bus is assumed to be £221,107. This is calculated on a weighted average basis based on information from DfT Greener Bus and Operator ZEBRA bids
- ZEBRA grants a 75% subsidy on the difference between a diesel bus and ZEB, therefore the cost incurred by the Authority is £274,500 per ZEB.
- As each ZEB is acquired, there is an incremental fit out charge of £65,000, which is assumed to have a 75% subsidy, with £16,250 therefore being incurred by the Authority.
- The Authority accumulates a total of 868 buses by the end of the appraisal period, equating to £252,370,626 of Capital costs in real terms.

5.6.1.1. Private Sector Fleet Savings

In determining the savings under Franchising from the Authority providing fleet, it is necessary to estimate the equivalent cost of the private sector/operators acquiring and providing fleet.

The Financial Model assumes that the Operator cost of debt is an appropriate measure in determining the private sector finance costs.

Based on publicly available data on the cost of debt for bus operators in April 2023, the average cost of debt for the private sector is assumed to be 6.5% over a 15 year annuity.

5.6.2. Depot

For Depots, the following assumptions are detailed in ‘I_NTB’ and ‘C_Depots’ and include:

- A total of 10 depot lots are assumed to be acquired and owned by the Authority.
- Acquisition costs for depots have been estimated on behalf of WYCA are shown in the table below:

Location	Amount (£)
Bradford	2,620,000
Calderdale	2,395,000
Five Towns	1,500,000
Heavy Woollen	1,350,000
Keighley	1,000,000
Kirklees	1,940,000
Leeds 1	6,730,000
Leeds 2	3,200,000
Leeds 3	3,000,000
Wakefield	3,750,000

5.7. Public Sector Financing

In acquiring fleet and depot under Franchising, it is assumed that WYCA will finance the capital investment through prudential borrowing.

Due to the flexibility of terms, it has been assumed that this can be sourced from UKIB. UKIB have advised that their loans would be 0.2% lower than the PWLB preferential rates.

Therefore, the rates used (detailed in 'I_NTB' of the Financial Model) are obtained from the UK Debt Management Office website (as of 25th April 2023 PM) (Annex H).

Authority owned fleets are assumed to be financed over 15 years on an annuity basis, with an assumed fixed interest rate of 4.27% (0.2% lower than the PWLB preferential rate).

Authority owned depots, are assumed to be financed with a 40 year annuity, with an assumed fixed interest rate of 5.08%.

5.8. Transitional Costs

In developing transitional costs under both EP+ and Franchising, a number assumptions have been made, including:

- Transition and implementation costs for Franchising are assumed to be incurred between 2024 and 2028, and consist of:
    - Consultancy and management of transition
    - Early mobilisation of procurement resource
    - Provision for risk
    - IT provisional costs
    - Additional management costs during transition
- Transition and implementation costs for EP+ are assumed to be incurred between 2024 and 2026, and consist of:
    - Preparation and implementation
    - Route registration function
    - IT provision costs
    - Additional management costs during transition

Transition cost assumptions for EP+ are shown below:

Implementation costs	2024/25	2025/26	Total
£m real, 2023/24			
Preparation and implementation	0.6	1.1	1.7
Route registration function	0.03	0.03	0.1
IT provisional costs	0.1	-	0.1

Transition cost assumptions for Franchising are shown below:

Implementation costs	2024/25	2025/26	2026/27	2027/28	Total
£m real, 2023/24					
Consultancy and management of transition	2.1	2.0	1.9	1.9	**7.9**
Early mobilisation of procurement resource	0.1	0.1	0.1	0.1	**0.5**

Provision of risk	3.1	1.1	1.1	1.1	**6.5**
IT provisional costs	-	-	0.2	-	**0.2**
Additional management costs during transition	-	0.7	1.7	2.9	5.3

For the purpose of the financial appraisal, it is assumed that transitional costs for the Enhanced Partnership Plus and Franchising will be funded from the Single Investment Fund, and this will be repaid without interest over the remainder of the appraisal period.

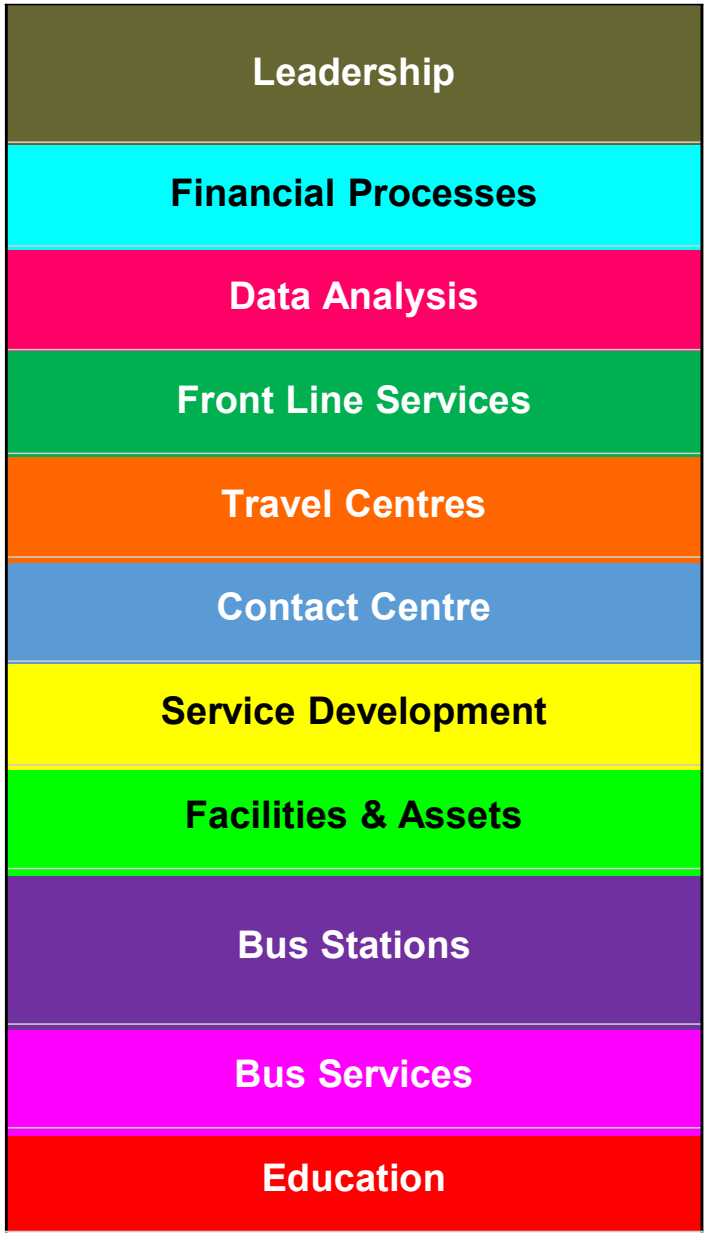
Reference List

Annex	Title
Annex A	'Management Cost Calculations - 24.08.23.xlsx'
Annex B	'WYCA Bus Budget'
Annex C	'WYCA Bus Reform – Fleet Strategy'
Annex D	A5.3.1, 'TAG-data-book-v1.20.2-Jan_2023.xlsm'
Annex E	'Transitional Costs estimates - 17.3.23'
Annex F	WYCA Bus Reform - Lotting Strategy
Annex G	Bus Franchising Procurement Timescales V1.0 - *Discussions between PwC and West Yorkshire Combined Authority*
Annex H	DMO PWLB Rates 25th April 2023 PM
Annex I	UKIB Rate
Annex J	Depot Position Paper
Annex K	Bus Industry Performance Report 2020

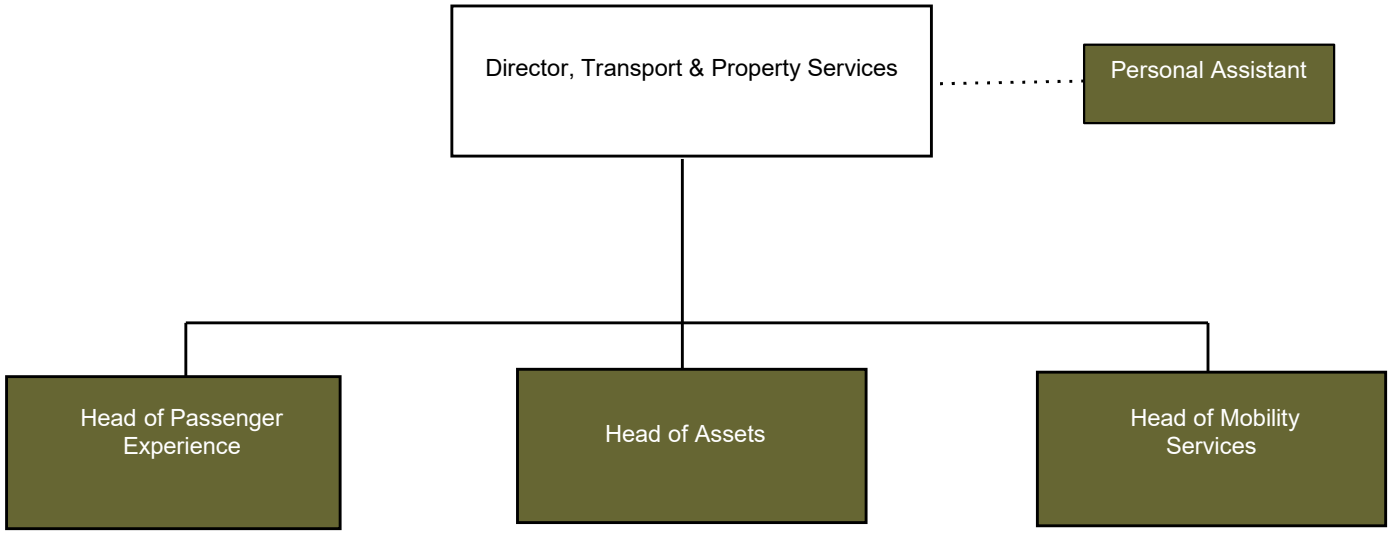
Appendix 5.1

Directorate of Transport Operations & Passenger Experience - team organigrams

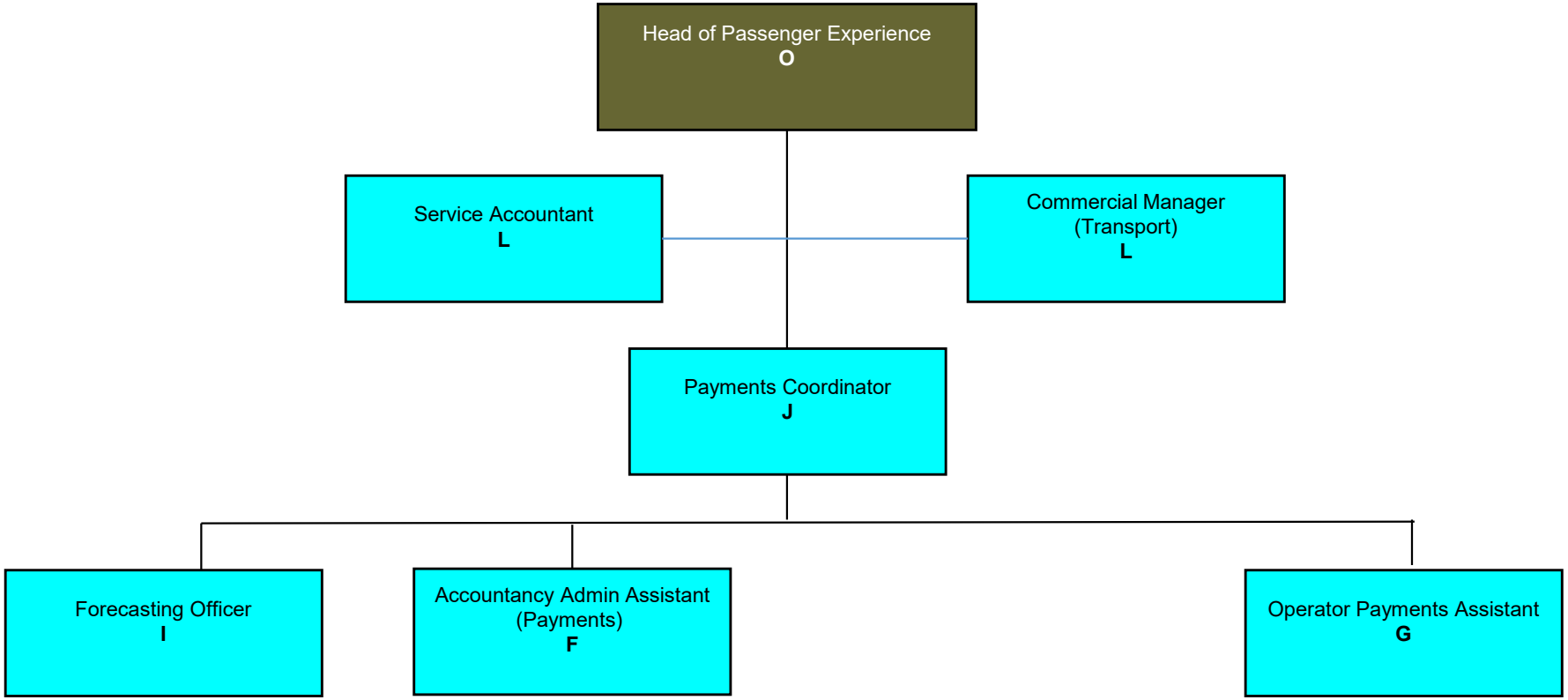
The teams shown in the organigrams contained in this Appendix are colour-coded as follows:



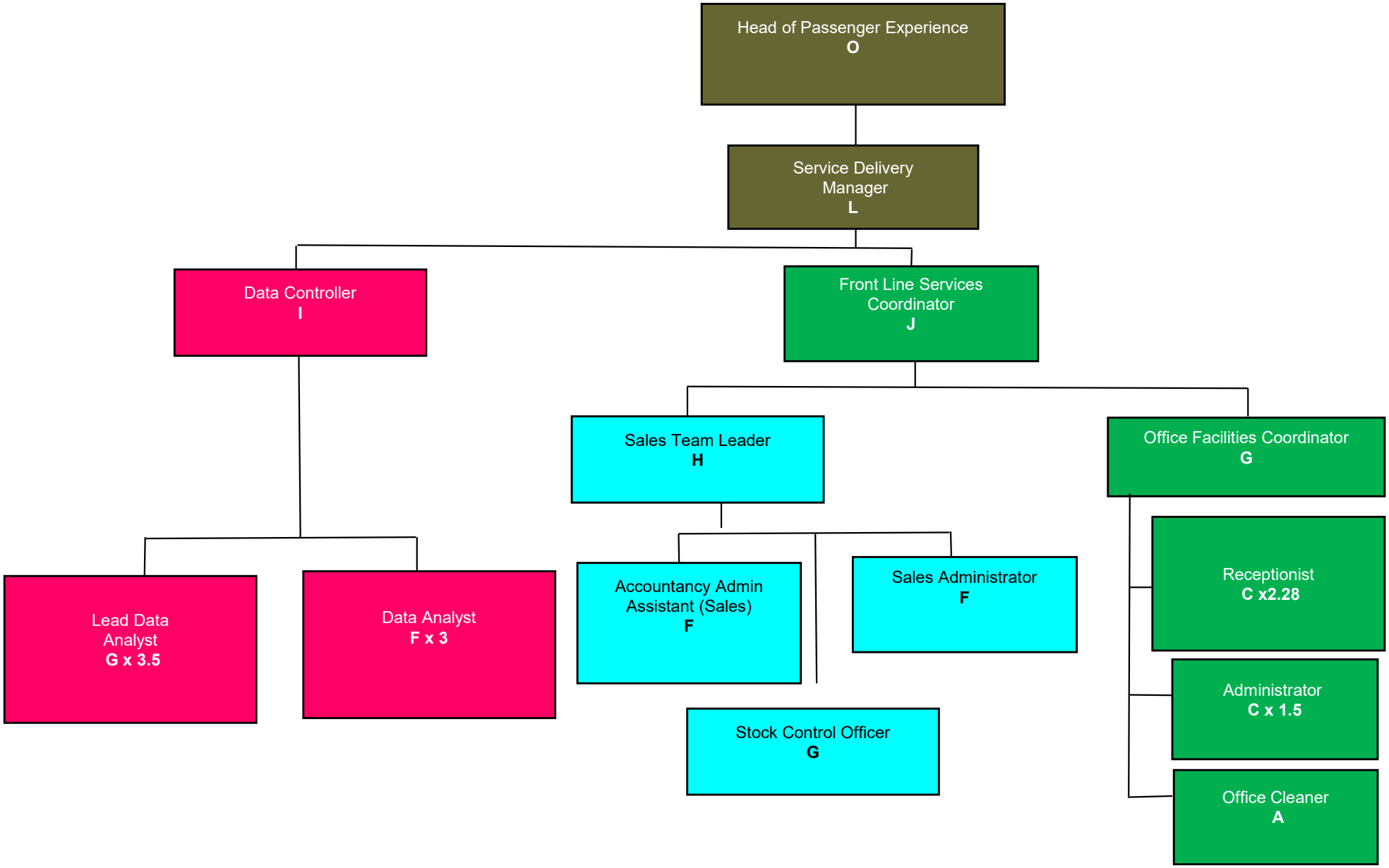
Leadership


Director, Transport & Property Services
Personal Assistant
Head of Passenger Experience
Head of Assets
Head of Mobility Services

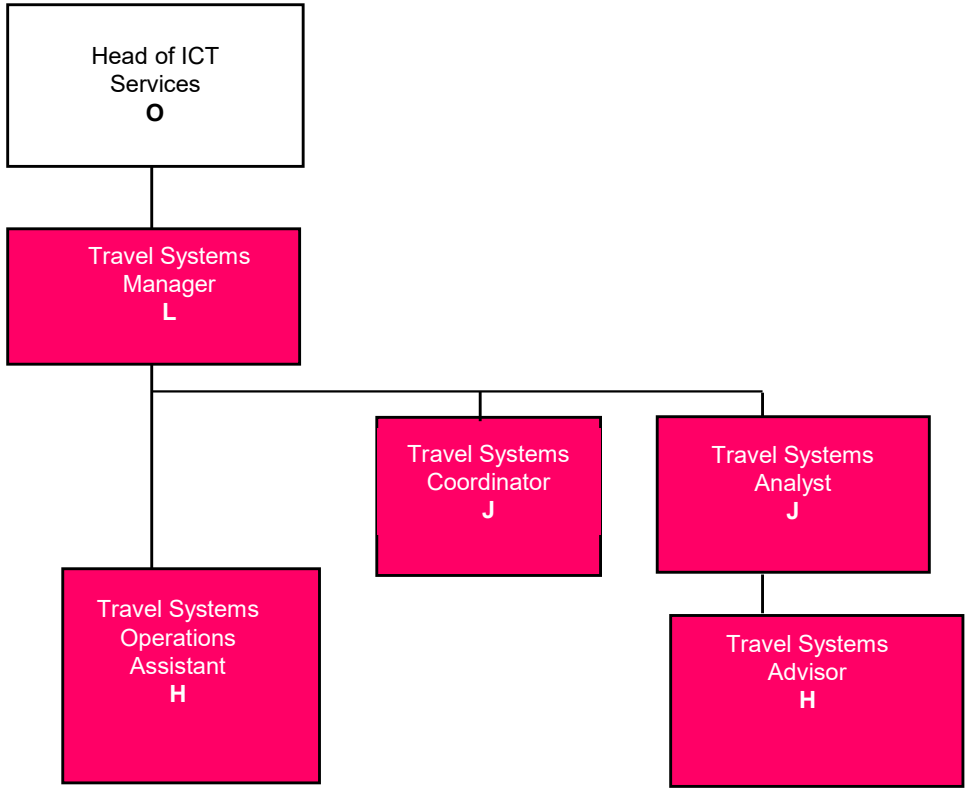
Financial Processes



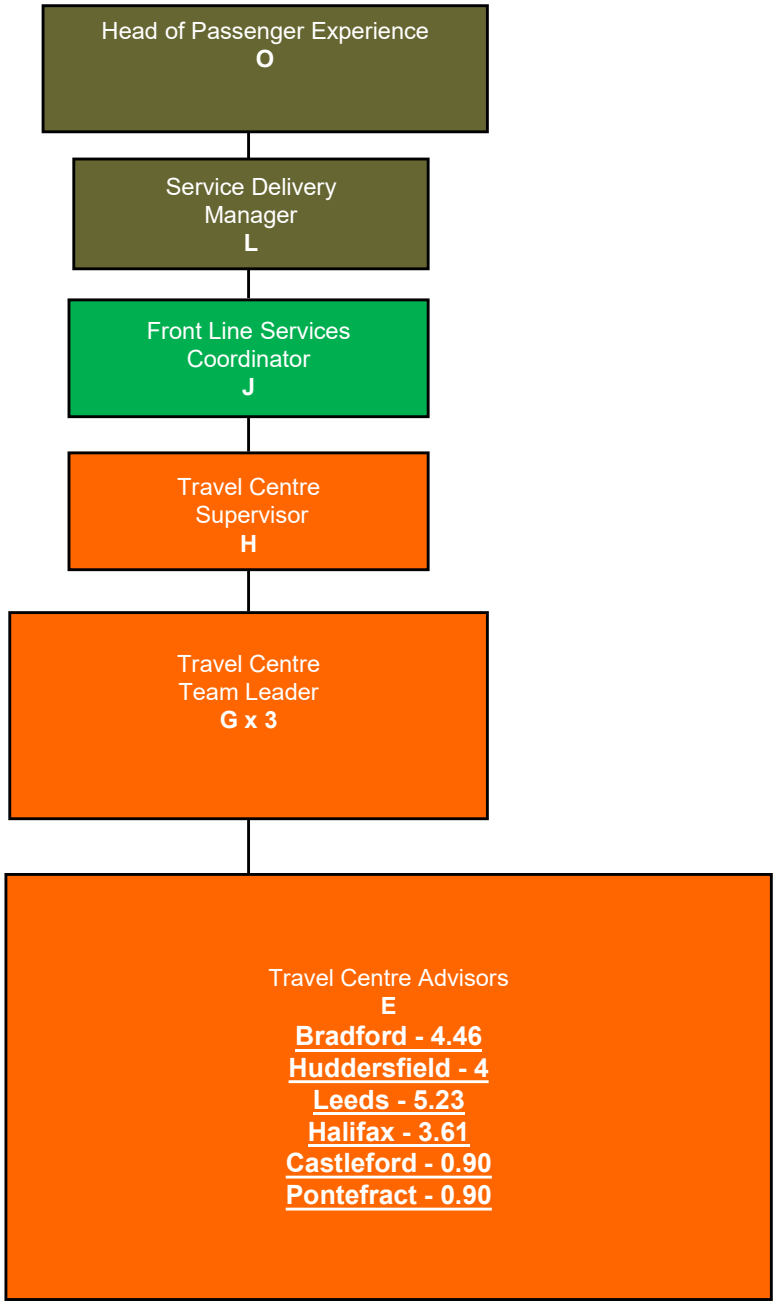
Financial Processes, Data Analysis and Front Line Services



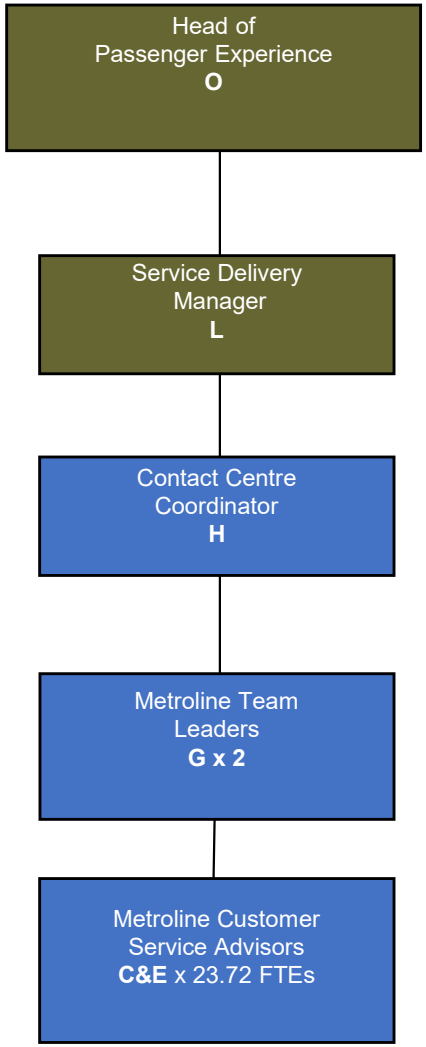
Data Analysis



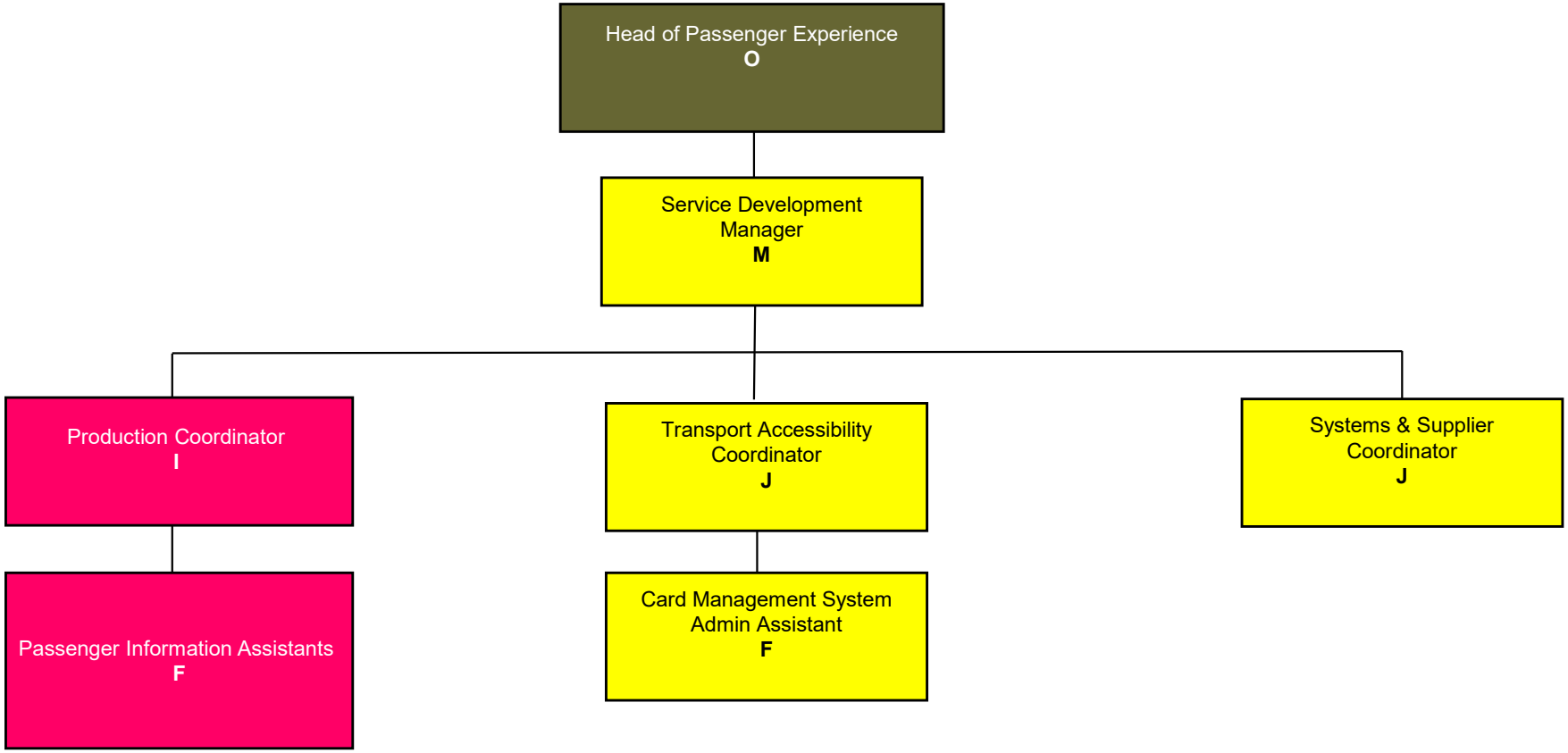
Travel Centres



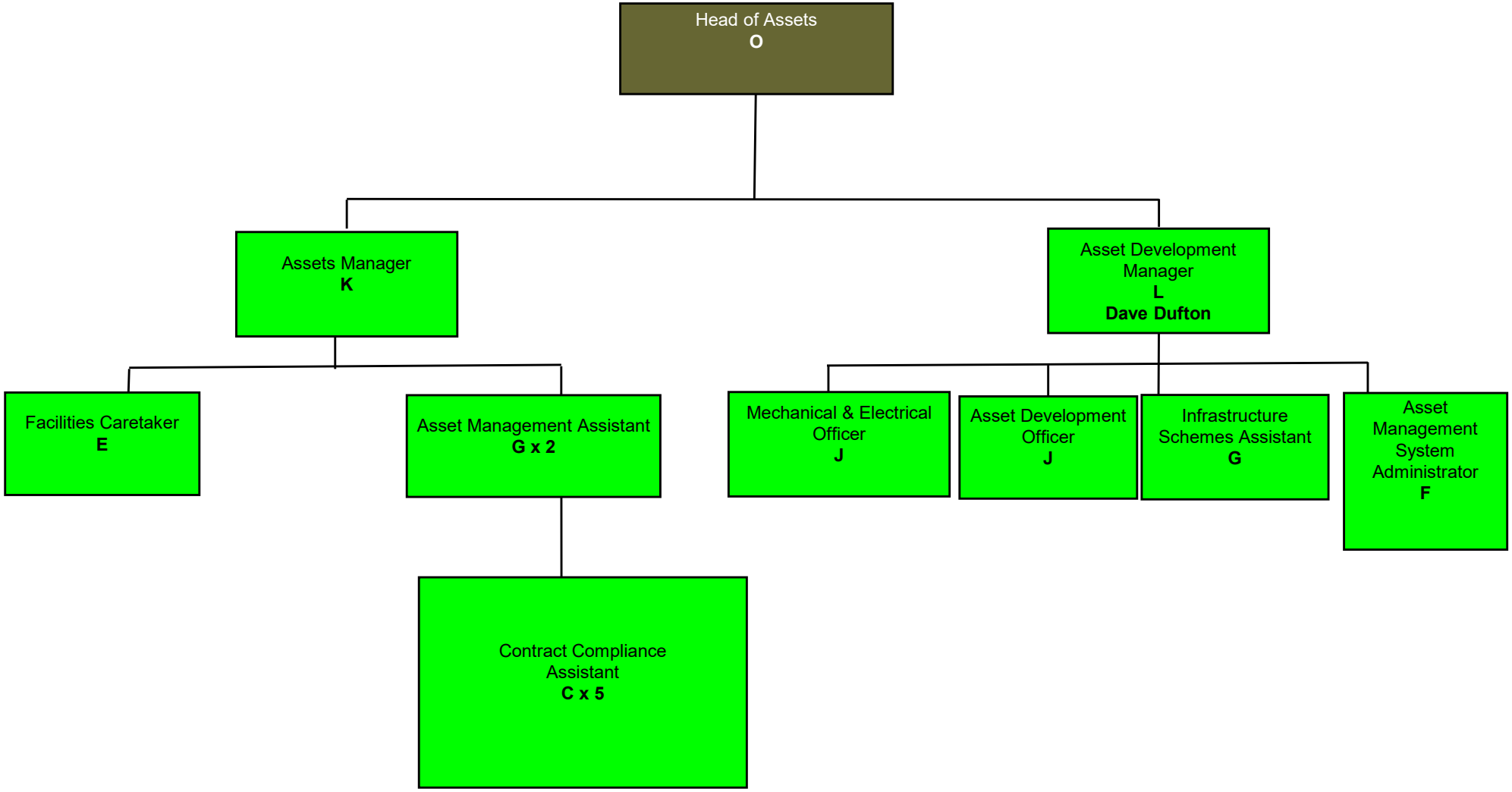
Contact Centre



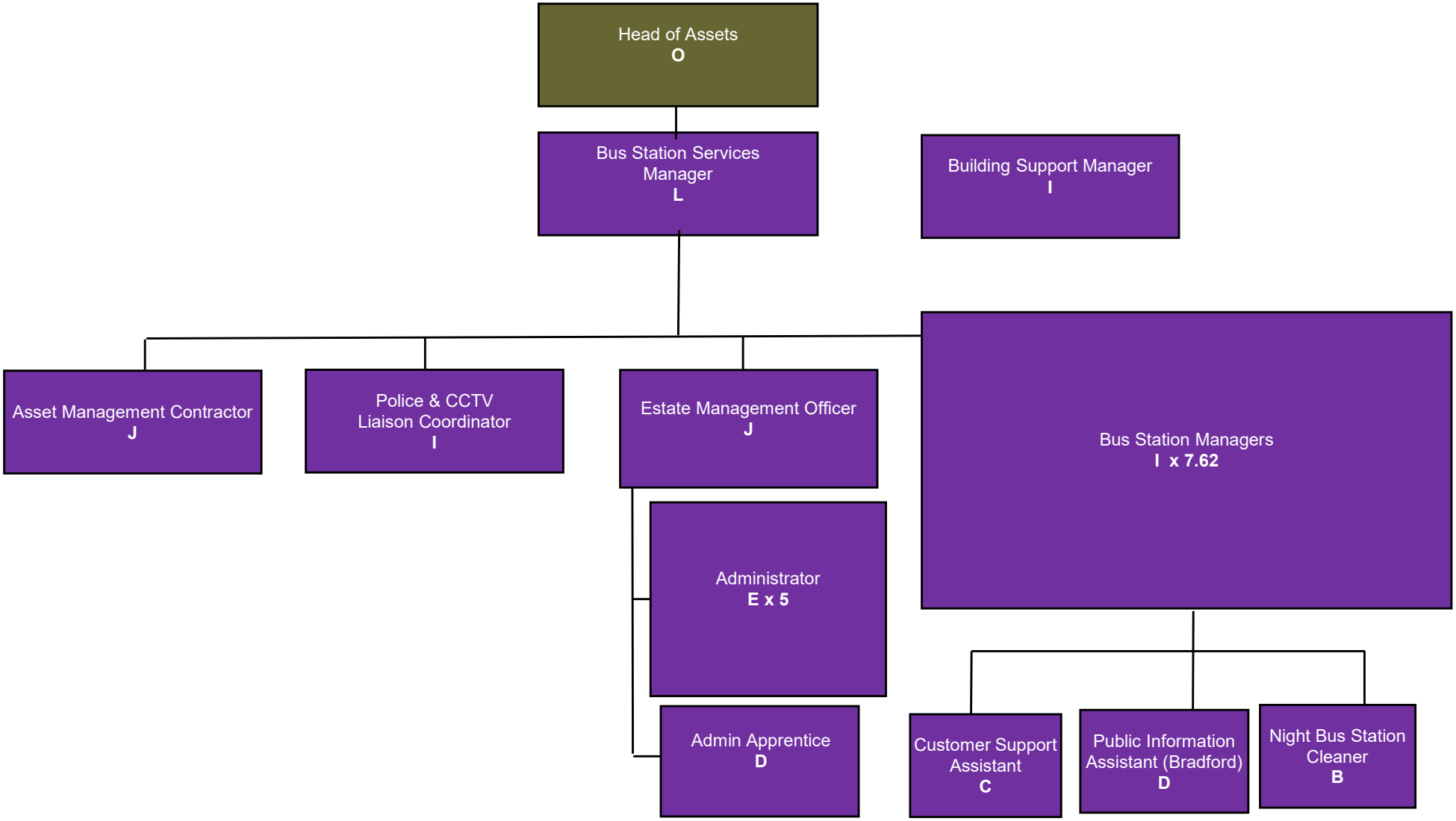
Data Analysis, Service Development



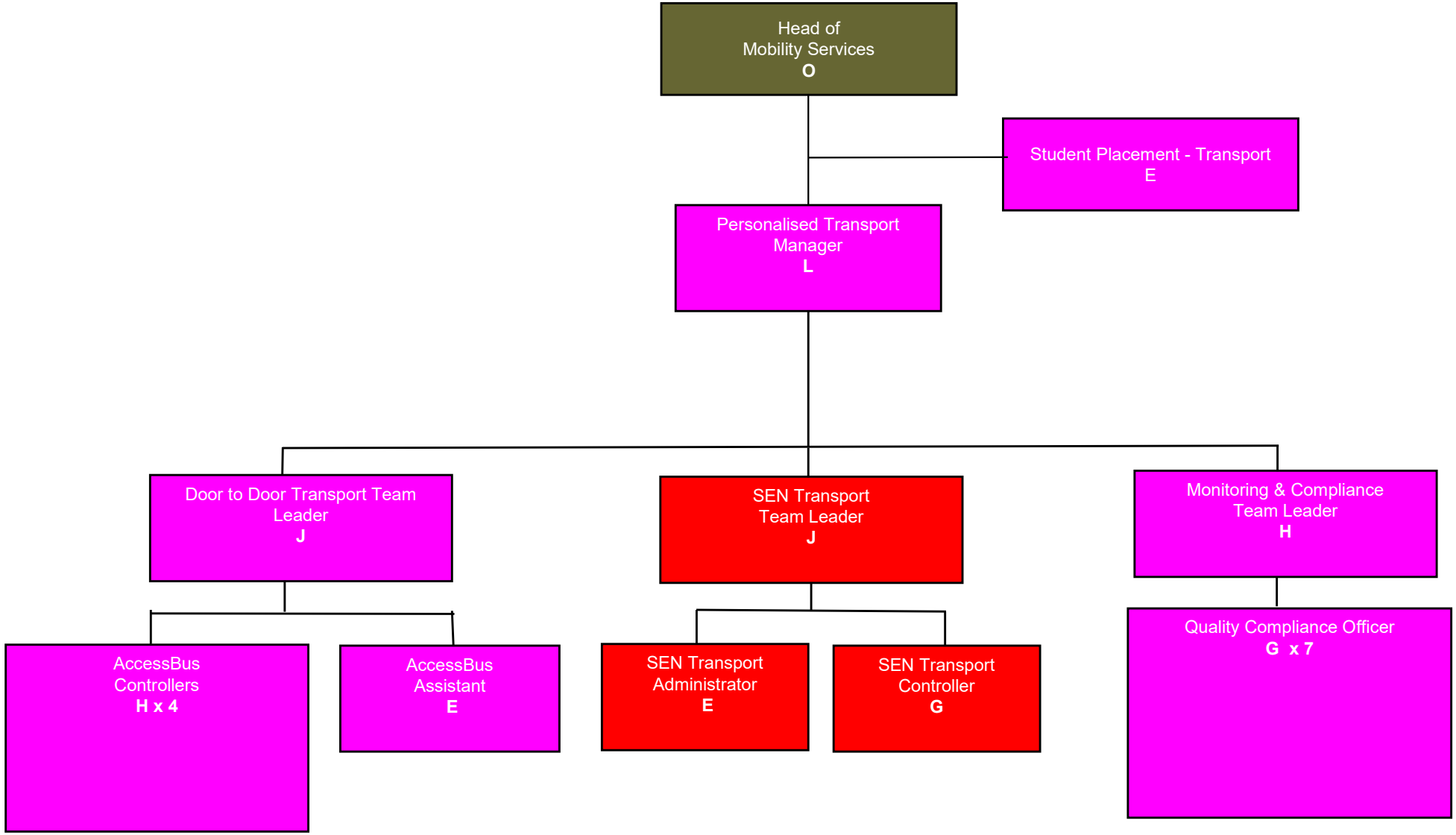
Facilities & Assets



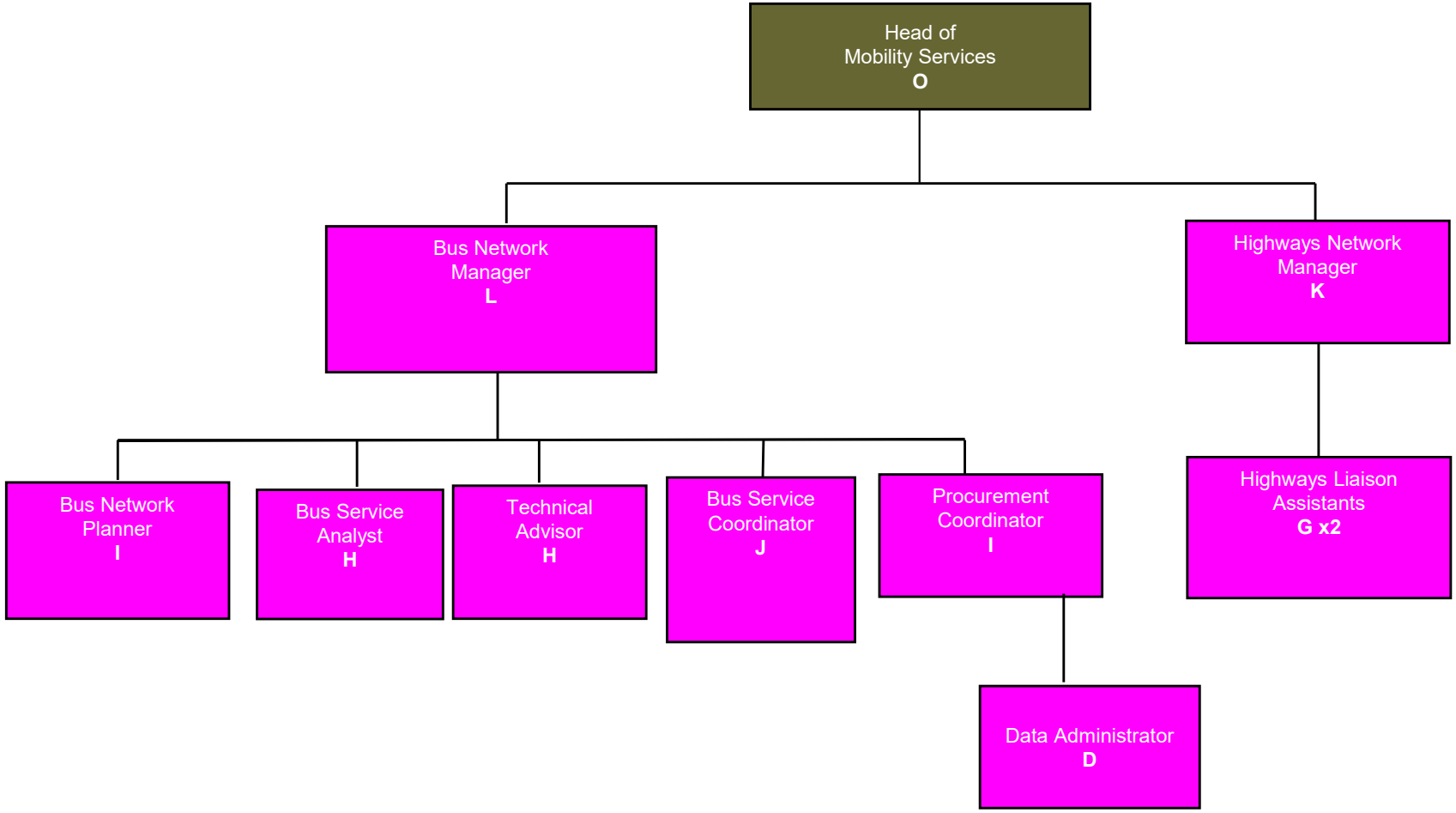
Bus Stations



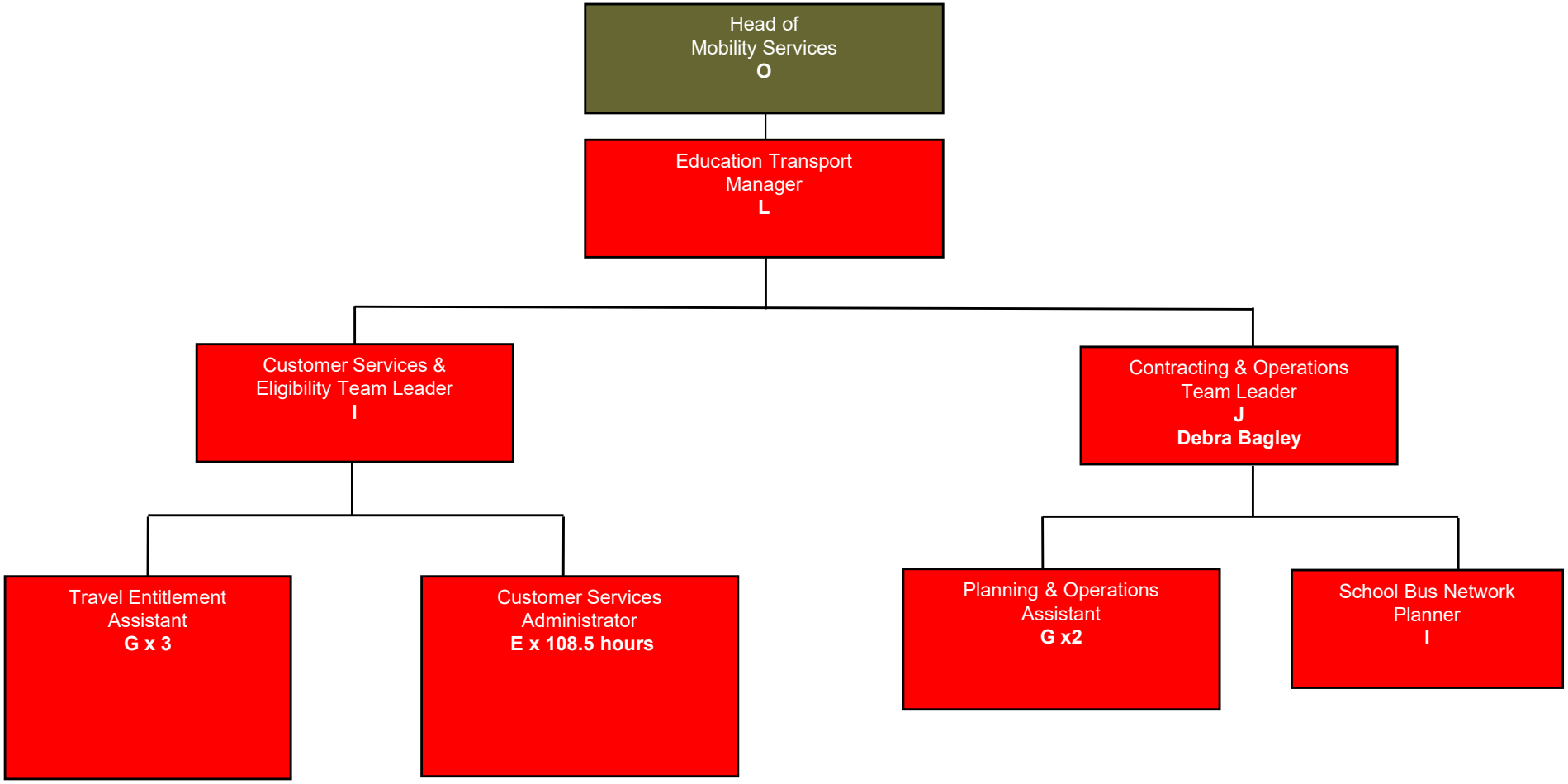
Bus Services



Bus Services



Education


Head of
Mobility Services
O
Education Transport
Manager
L
Customer Services &
Eligibility Team Leader
I
Contracting & Operations
Team Leader
J
Debra Bagley
Travel Entitlement
Assistant
G x 3
Customer Services
Administrator
E x 108.5 hours
Planning & Operations
Assistant
G x2
School Bus Network
Planner
I

West Yorkshire Combined Authority

Evaluation Strategy

Boosting productivity

Supporting clean growth

Enabling inclusive growth

Delivering 21st century transport

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INTRODUCTION AND CONTEXT

The West Yorkshire Combined Authority is focussed on developing a strong, successful economy where everyone can build great businesses, careers and lives for the region. The Combined Authority brings together local councils and businesses to achieve this vision, so that everyone in the region can benefit from economic prosperity supported by a modern, accessible transport network, housing digital connections and infrastructure.

The majority of the Authority's work covers the 10 districts of: Barnsley, Bradford, Calderdale, Craven, Harrogate, Kirklees, Leeds, Selby, Wakefield and city of York – an area known collectively as Leeds City Region. The Combined Authority works closely with the private sector through the Leeds City Region Enterprise Partnership (LEP) to ensure that our work meets the needs of employers in the region. We also operate the Metro network of bus stations, travel centres and public transport information in West Yorkshire.

The Combined Authority is currently investing around £2 billion, working with partner councils to deliver better transport and housing, regenerate towns and cities and protect the environment, making sure that the needs of communities are met.

As a significant investor of public funds, The Combined Authority is committed to evaluating the effectiveness of its activities in order to understand how they were implemented, whether they represent value for money, and what effects they have had, for whom, how and why. The Combined Authority recognises that evaluation is not an end in itself. If evaluation is to be useful, usable and used, it needs to be an integral part of decision making, delivering and management and indeed the entire process of democratic accountability.

This Evaluation Strategy outlines the Combined Authority's commitment to effective evaluation. It is based on a thorough review of existing processes and interviews with staff from across the organisation which identified what was working well, and where the Authority's approach needed to be strengthened. This consultation directly informed the development of a number of **evaluation principles** which underpin the Authority's approach to evaluation. These principles, in summary form, are:

1. Evaluation planning is an integral part of developing the business case;
2. The focus of evaluation reflects the business case;
3. Evaluation efforts are proportional to the intervention's scale and complexity;
4. Monitoring and evaluation data is consistent across policy areas;
5. Evaluation will be undertaken independently of delivery;
6. Evaluation is a learning process and a key component in policy development;
7. Evaluation data and findings are disseminated effectively.

The Strategy builds upon existing good practice from within The Combined Authority and LEP, and elsewhere. It aligns to the latest national guidance and outlines how The Combined Authority takes a consistent and robust approach to establishing the depth of evaluation that each intervention requires.

The Strategy also outlines the factors that The Combined Authority consider when conducting or commissioning evaluations and interventions including the balance between the three types of evaluation detailed in the Magenta Book, namely:

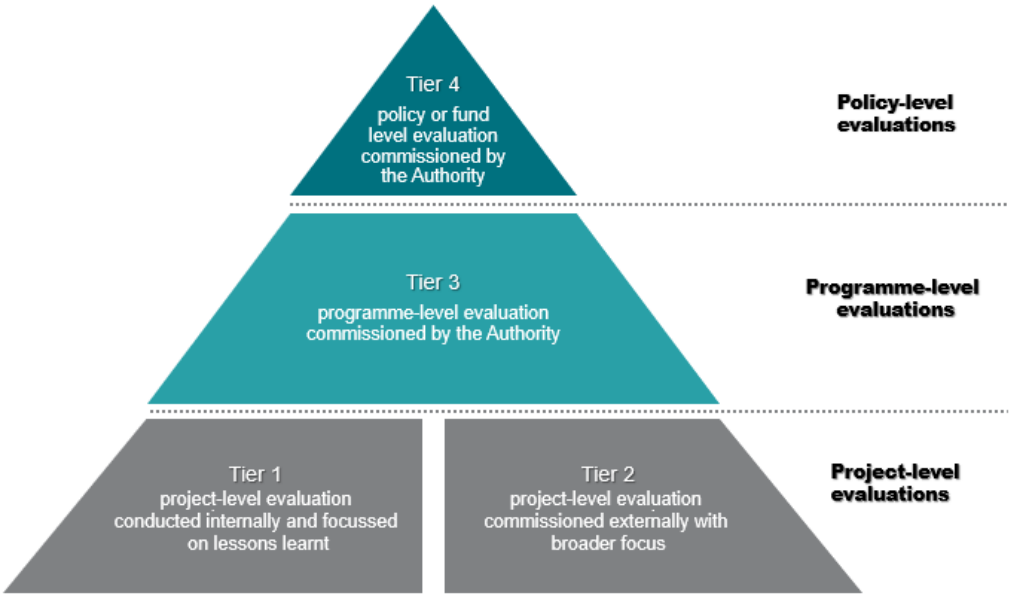
- **Process evaluations** which are concerned with how an intervention is being, or was delivered, and any lessons that can be used to inform the remainder of the implementation period, or similar activities in the future.

- **Impact evaluations** which involve a post ante objective test of what changes have occurred, the extent of those changes, an assessment of whether they can be attributed to the intervention and a comparison of benefits to costs.

- **Economic evaluations** seek to determine whether the costs of an intervention have been or will be outweighed by the benefits achieved.

Evaluations within the Combined Authority and Local Enterprise Partnership take place at one of three levels – **policy, programme or project**. The evaluation level will be determined by an assessment of various factors including the size, complexity and level of innovation involved in the intervention.

As demonstrated below, The Combined Authority will select and commission an evaluation methodology depending on the unique circumstances of individual interventions (an "Evaluation Tier"). These tiers are:



The Evaluation Strategy consists of three sections as follows:

- Section 1 focusses on best practice from national and international sources, and outlines how effective evaluations are designed, commissioned and conducted. This section provides an outline of
    - where evaluation sits in the policy, programme and project lifecycle;
    - the purpose of evaluation;
    - the main evaluation approaches; and,
    - how to design effective evaluations.

- Section 2 outlines the context within which this Evaluation Strategy will be delivered. This includes a review of current interventions and initial indications of future activities that the Combined Authority will deliver. This section provides important policy context.

- Section 3 provides applies best practice to the context outlined in Section 2 and provides a framework for evaluating the Combined Authority's current portfolio of intervention projects, with recommendations on how to approach future funding streams.

GLOSSARY OF TERMS

This glossary is provided to define key evaluation terms for readers and provide consistency of interpretation across teams within the Combined Authority and Local Enterprise Partnership.

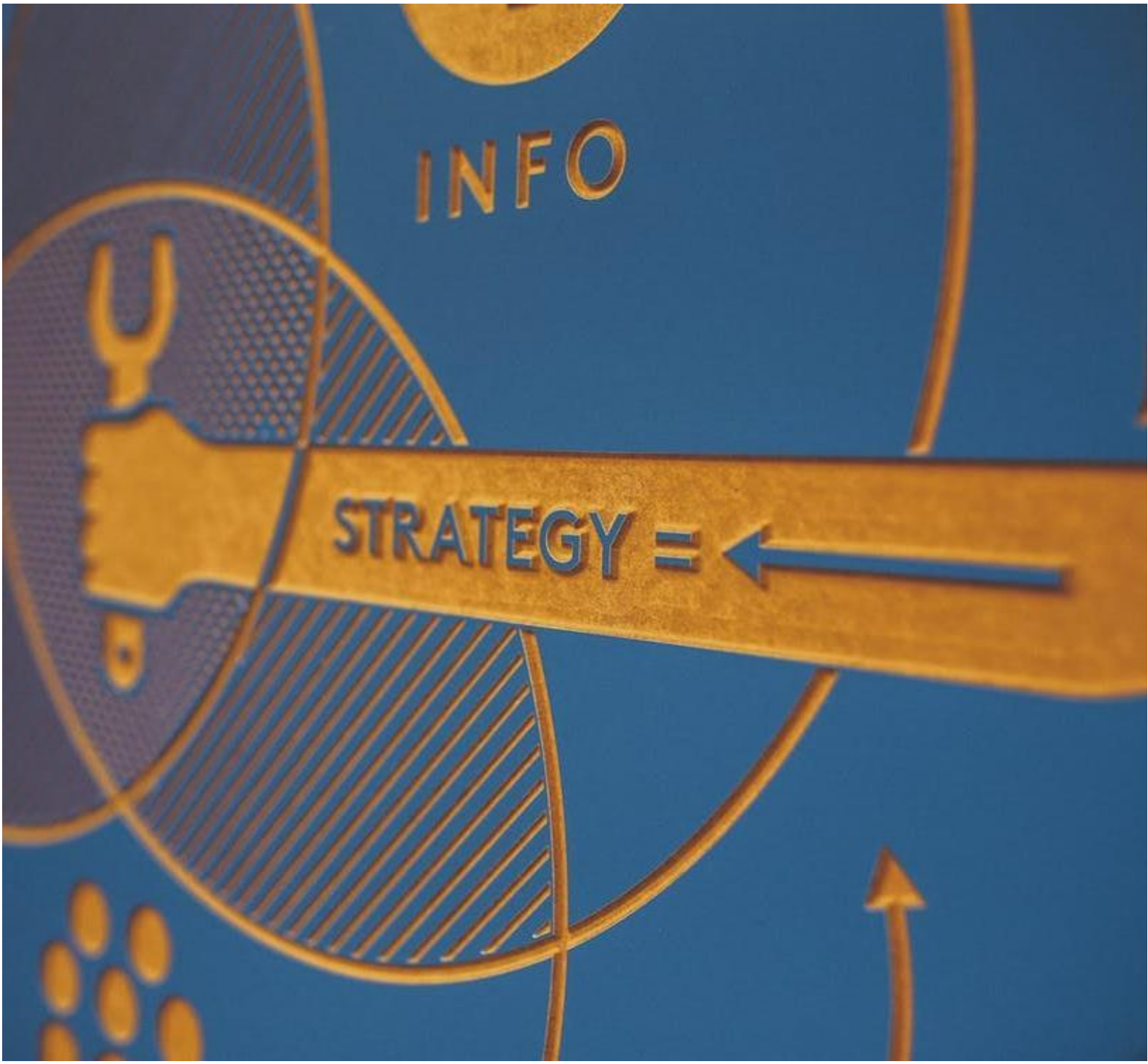
Appraisal	The process used to assess the costs, benefits and risks of alternative ways to meet an intervention's stated objectives. In the ROAMEF cycle appraisal includes identifying a list of options which meet the stated objectives and assessing the costs and benefits that each option is likely to deliver.
Assurance Framework	The Combined Authority has an Assurance Framework which outlines the systems and processes that are in place to manage funding effectively, and to ensure the successful delivery of Strategic Economic Plan outcomes.
Beneficiary	In this Strategy a beneficiary is the individual, business, social group or organisation that benefits from improved outcomes services or products arising from the intervention(s) that the Combined Authority or LEP either commission, manage or deliver.
Cost Benefit Analysis	This analysis quantifies as many of the costs and benefits of a policy as possible, including wider social and environmental impacts to determine "value for money". The Green Book provides detailed guidance on Cost Benefit Analysis (CBA) and the valuation of economic impacts.
Counter-factual	A method of comparison which involves comparing the outcomes of interest of beneficiaries from an intervention (the 'treatment group') with those of a group similar in all respects to the treatment group (the 'control group'). The counter-factual is sometimes referred to as the reference case, or the 'do-nothing' case and is relevant to both appraisal and evaluation. The amount of effort invested in establishing the counter-factual needs to be proportional to the scale and complexity of the intervention and evaluation (see deadweight below).
Deadweight	Deadweight is one of the factors that needs to be considered when calculating net, as opposed to gross outputs or outcomes. Deadweight can be seen as a simplified version of the counter-factual, and is defined in the Magenta Book as referring to "outcomes that would have occurred without the intervention." Deadweight is typically calculated in evaluations with data gathered from beneficiary surveys or using benchmarks.
Displacement	Displacement is another factor that needs to be considered when calculating net, as opposed to gross outputs or outcomes. It refers to the extent to which an increase in economic activity promoted by an intervention is offset by reductions in economic activity elsewhere within the impact area.

Economic evaluations	Evaluations that seek to establish the value for money of an intervention. Essentially the evaluation will compare the benefits of an intervention with its costs.
Ex ante	Prior, or 'before the event', used to refer to evaluation or appraisal pre-intervention. An ex-ante evaluation is a prior evaluation, used to identify and forecast outputs and impacts, and to set out and test the rationale for an intervention before approval.
FBC	The Full Business Case (FBC) is the final document in the process of applying for funding.
GDPR	The General Data Protection Regulation (GDPR) is in UK law as the Data Protection Act 2018. It governs personal data rights, including the way companies handle personal data and the compensation that can be claimed for misuse of data. It is important that GDPR requirements are considered when designing and completing evaluations.
Green Book	HM Treasury's guidance on the completion of effective appraisal.
Gross to net	This is a calculation that moves from gross outputs, outcomes or overall impact to the net position. The net position accounts for deadweight, displacement, leakage, substitution and may also include multipliers which seek to account for factors including increased expenditure in a supply chain or greater retention of spending within a local economy.
Gross Value-Added	Gross Value Added (GVA) is an economic measurement that can be used for an area, industry, or sector and is the difference between total economic output and intermediate consumption goods.
Impact evaluations	These evaluations attempt to provide an objective test of what outcome changes have occurred, and the extent to which these changes can be attributed to the intervention. Establishing a counter-factual position is a key component of an impact evaluation.
Intervention	For the purposes of this Strategy the term intervention is used to describe a project or programme that the Combined Authority or LEP either commission, manage or deliver.
Leakage	Leakage is a factor that needs to be considered when calculating net, as opposed to gross outputs or outcomes. It occurs where some outputs or outcomes benefit those outside of the target area or group.
Logic chain	The logic chain is the sequence of steps that traces context and objectives through to outcomes and impacts. It describes the theory of change.

Magenta Book	HM Treasury's guidance on the completion of effective evaluations.
Mid-term	Refers to the middle of the intervention period. Midterm evaluations are carried out midway through the intervention period.
Monitoring	The process used to check, report and evidence that spend, outputs, milestones and benefits have been achieved.
Multipliers	Multipliers can be used in a gross to net calculation to account for wider economic benefits that flow from the intervention. As outlined in English Partnership's Additionality Guide (2008), there are two well-established types of multiplier – a supply linkage multiplier (for example, further expenditure in a supply chain) and an income multiplier (local expenditure from income derived linked to the intervention).
OBC	The Outline Business Case (OBC) is completed by scheme promoters once the SOC has been submitted and approved by the Combined Authority.
Outputs	The amount of something produced which results directly from the funded activity of an intervention.
Outcomes	Outcomes are the way something turns out; a consequence. In evaluation, outcomes are a consequence of the funded activity of an intervention and follow on from outputs.
Process evaluations	Assess whether an intervention is being implemented as intended and what, in practice, is felt to be working more or less well, and why. Process evaluations are also termed formative evaluations.
ROAMEF	The policy, programme and project cycle consisting of six stages Rationale, Objectives, Appraisal, Monitoring, Evaluation and Feedback
Scheme promoter	The scheme promoter is the applicant for funding from the Combined Authority.
SMART objectives	Objectives which are Specific, Measurable, Achievable (or Attainable), Relevant, and Time-bound
SOC	The Strategic Outline Case is a key document in the Combined Authority's assurance process. Scheme promoters use it to demonstrate that sufficient, robust and evidenced scoping has been carried in order to determine a preferred way forward for delivering the scheme objectives.

Substitution	Substitution is a factor that needs to be considered when calculating net, as opposed to gross outputs or outcomes. It refers to those individuals, groups or businesses who change their behaviour to take advantage of public sector assistance (when they might anyway have achieved the outcome with private means).
Summative Assessment	The Ministry of Housing, Communities & Local Government (MHCLG) uses this term to define evaluations of projects supported by the European Regional Development Fund (ERDF). There is detailed guidance available on the scope of Summative Assessments.
Theory of change	Used to describe the logic model, which traces context and objectives, through resource inputs to activities, outputs, outcomes and impact. It is a description and illustration of how and why a desired change is expected to happen in a particular context.

SECTION 1 – THE PURPOSE OF EVALUATION



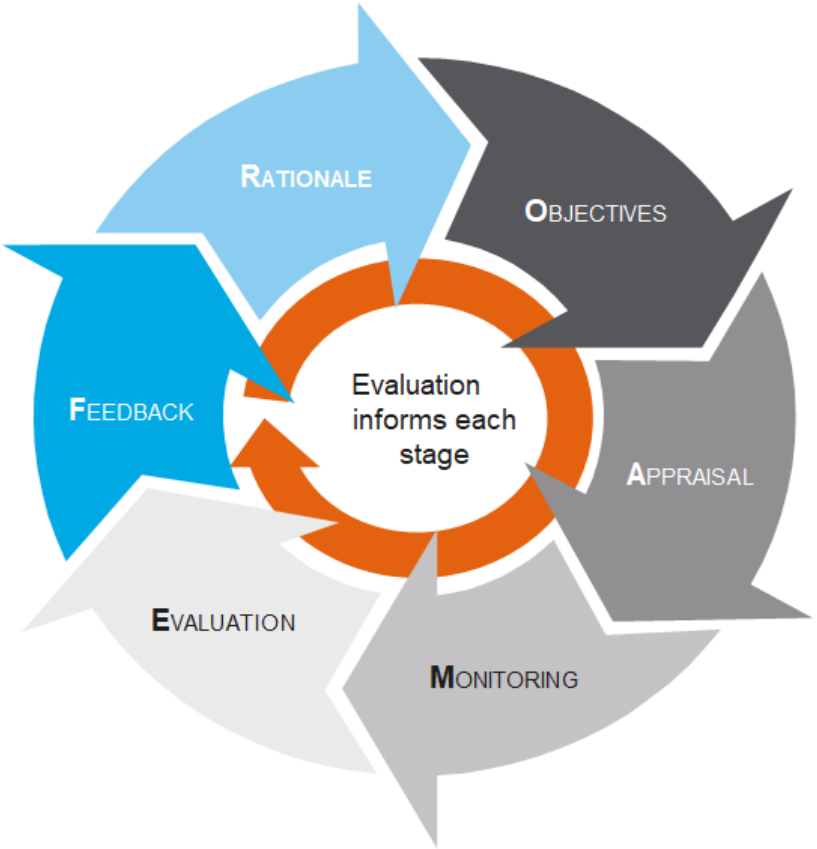
Evaluation is an objective process of understanding how an intervention was implemented, what effects it had, for whom, how and why. It forms a crucial stage in the ROAMEF lifecycle.

1.1 – THE PURPOSE OF EVALUATION

Evaluation:

- is an **objective process** of understanding how an intervention was implemented, what effects it had, for whom, how and why;
- can provide **defensible evidence to independent scrutiny** processes; and,
- can contribute **valuable knowledge** to the policy evidence base.

Evaluation is an integral part of a broad policy cycle that formalised in the acronym ROAMEF.



Whilst each stage is presented separately in the diagram, they are all inter-connected. Furthermore, whilst evaluation is shown as a specific stage in the ROAMEF cycle, it is important to note that evaluation informs each stage, and that evaluation considerations need to be acted upon in each stage for the overall cycle to be effective.

A brief definition of each stage is provided below:

1. **R**ationale - the rationale for the intervention is developed and tested. It is useful to consider the context within which the intervention will occur and the market failures that necessitate action.

2. **O**bjectives - in this stage the objective of the intervention is developed and tested. The objectives can be captured in a logic model with a summary of the inputs, activities, outputs and outcomes that are forecast. This approach aids the appraisal stage that follows.

3. **A**ppraisal – the purpose of appraisal within the ROAMEF cycle is to identify the best way of delivering on the policy prior to implementation. It involves identifying a list of options which meet the stated objectives and assessing these for the costs and benefits that they are likely to deliver.

4. **M**onitoring - the formal process to check, report and evidence that spend, outputs, milestones and benefits have been achieved.

5. **E**valuation - as defined in HM Treasury's Magenta Book evaluation "examines the actual implementation and impacts of a policy to assess whether the anticipated effects, costs and benefits were in fact realised. Evaluation findings can identify "what works", where problems arise, highlight good practice, identify unintended consequences or unanticipated results and demonstrate value for money, and hence can be fed back into the appraisal process to improve future decision-making."

6. Feedback - the final stage of the ROAMEF cycle reflects that evaluation is ultimately only of value if the lessons learned are used to inform future action. The cycle therefore shows that evaluation activity should directly inform the development of the rationale for future interventions.

The ROAMEF process is presented as a circle to reflect the fact that it is often iterative and there are significant interdependencies between the various elements. For example, data produced through monitoring activities are often used at the evaluation stage, to inform value for money calculations. In addition, evaluations can play a role in the policy development process – through, for instance, the use of pilots and trials. Therefore, whereas the simple ROAMEF policy cycle may suggest that an evaluation will take place after the intervention has been implemented, evaluations should be planned earlier and there is value in commissioning them whilst the intervention is in delivery as well as in the earlier stages of planning.

One of the important implications of the ROAMEF cycle is that evaluations, and evaluation considerations, inform each stage. For example, there is a crucial relationship in the ROAMEF cycle between the appraisal and evaluation stages. Effective appraisal of interventions will test the intervention's logic chain and seek to identify and remedy any gaps in logic and identify any critical assumptions. Appraisal will also review whether lessons from other similar activities have been used to inform the intervention's design. Forecast outputs, outcomes and benefits will be tested and used as a benchmark for the evaluation.

Additionally, evaluation is not only about looking back to rate success or failure. It has a contribution to make at every stage in the ROAMEF cycle. In particular, evaluation can at the earliest stage, strengthen or change potential interventions by helping to unpick intervention logics and reveal weaknesses in programme or project design allowing remedial action to be taken early.

The most common purposes of evaluations are therefore:

- **Accountability** - demonstrating how far an intervention has achieved its objectives, how well it has used its resources and what has been its impact.

- **Continuous improvement** - improving and developing capacity among programme participants and their networks and institutions.

- **Implementation** - improving the performance of projects and programmes, and the effectiveness of how they are delivered and managed.

- **Knowledge production** – understanding what works (for whom) and why (and in what contexts).

- **Planning and efficiency** - ensuring that there is a justification for interventions and that public resources are efficiently deployed.

Ultimately evaluation is about learning and using this to inform future action. Effective evaluation enables the formation of robust, evidence base to inform future action. The Combined Authority and LEP possess a series of evaluations of individual interventions which will be developed over time into a comprehensive knowledge reference for staff and partners. This reference will include individual business cases and appraisal documentation.

1.2 - EVALUATION APPROACHES

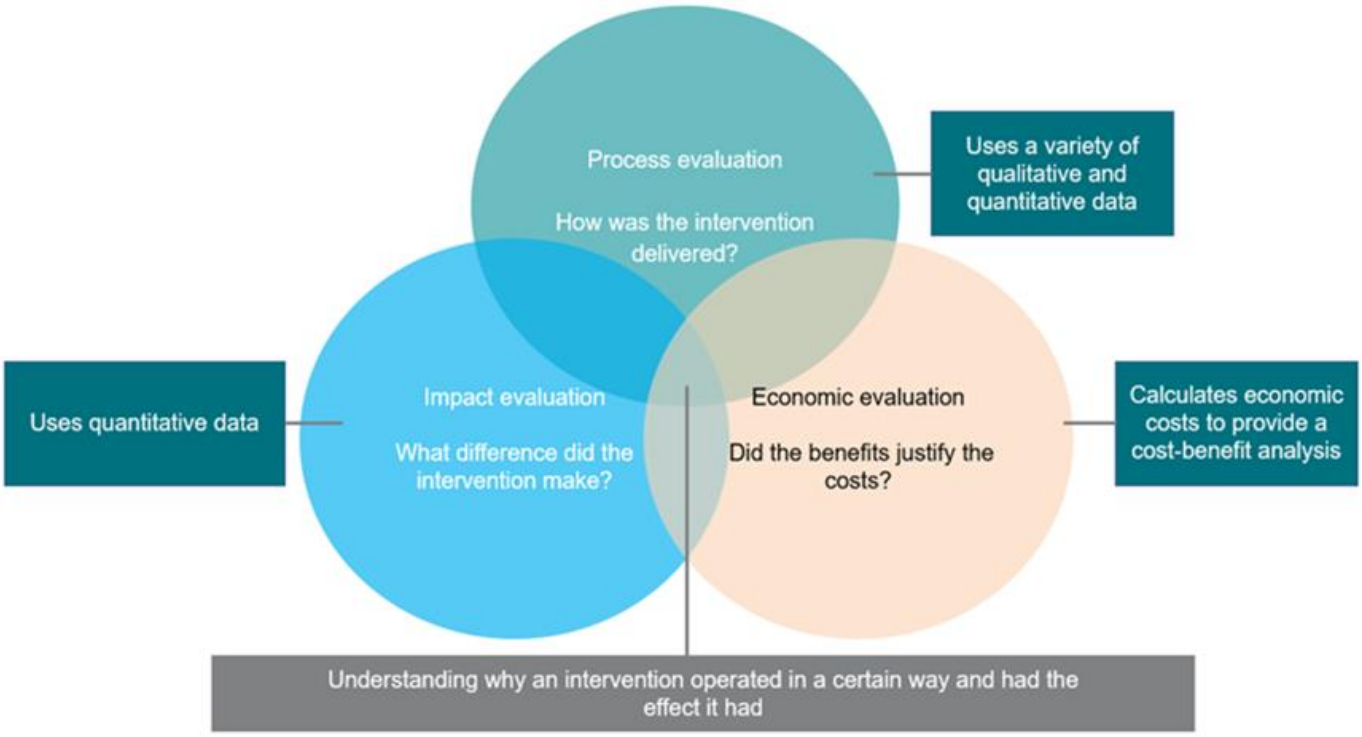
As outlined in the previous section, evaluation can deliver on multiple purposes including accountability and knowledge production. Establishing the purpose of an individual evaluation is critical in determining the most appropriate overall approach. Different evaluation purposes are associated with different kinds of evaluation questions. For example:

- Accountability – evaluations will mainly meet the needs of policy makers and Government. These stakeholders will want to know how successful the intervention has been. Has it met its targets? Has public funding been invested effectively and efficiently? What overall impact has been achieved?

- Continuous improvement – evaluations will mainly meet the requirements of programme managers and the programme's main partners. Key questions will include are the management arrangements working efficiently? Are partners as involved as they need to be? Are interventions properly targeted in terms of eligibility?

- Knowledge production – evaluations will meet the needs of policy makers. Key questions will include what have we now learned about what works? Are the mechanisms for intervention and change better understood? Does the logic of the programme and its assumptions need to be questioned?

The Magenta Book categorises three types of evaluations which each have a different overall purpose. They are summarised in the diagram below.



1.2.1: Process evaluations

Process evaluations are concerned with **how an intervention is being delivered** or was delivered. They seek to identify lessons that can be used to inform the remainder of the implementation period, or future similar activities.

Process evaluations assess whether an intervention is being implemented as intended within its budget and timescale, whether the design is working, and which activities are working effectively, and which need attention. It supports an understanding of internal processes used to deliver outputs, alongside what was actually delivered and when, and is usually completed during delivery.

Process evaluations are particularly valuable where an intervention is particularly innovative. For example, where the Combined Authority is tackling a new policy area it is useful to understand which activities proved to be effective in delivering the policy objectives and how activities interact.

Such evaluations will often include the collection of qualitative and quantitative data from stakeholders. This data collection can cover subjective issues such as perceptions of how well an intervention has been delivered.

1.2.2: Impact evaluations

Impact evaluations seek to determine **what difference an intervention made**. They involve an objective test of what changes have occurred, the extent of those changes, and, an assessment of whether they can be attributed to the intervention.

A strong impact evaluation is one which is successful in isolating the effect of the policy / intervention from all other potential influences, thereby producing a good estimate of what would have happened in the intervention's absence (the counter-factual). Establishing the counterfactual is inherently challenging, since by definition it cannot be observed – it is an assessment of what would have happened if the policy / interventions had not gone ahead.

The level of rigour and resource involved in establishing the counter-factual should be tailored according to a range of factors including the intervention's budget, complexity, level of innovation and contribution to major policy objectives.

The Maryland Scientific Methods Scale (SMS) can be used as an objective means of scoring the robustness of the Counterfactual impact evaluations (CIE), ranging from 1 (least robust) to 5 (most robust) according to the method used and the quality of its implementation. Robustness, as judged by the Maryland SMS, is the extent to which the method deals with the selection biases inherent to policy evaluations and hence the ability to identify causation. More information can be found on the What Works Centre for Local Economic Growth by using the link; https://whatworksgrowth.org/resources/the-scientific-maryland-scale/. Summary information on different approaches to the counter-factual are provided in Section 3.6.

1.2.3: Economic evaluations

An effective impact evaluation may be able to demonstrate and quantify the outcomes enabled or delivered by an intervention but cannot determine whether those outcomes justified the intervention. The purpose of economic evaluations is to determine **whether the benefits achieved justify the costs.**

Economic evaluations typically use a range of tools. These include cost-effectiveness analysis which values the costs of implementing and delivering the intervention, and relates this amount to the total quantity of outcome generated, to produce a "cost per unit" estimate; and, cost-benefit analysis, which places a monetary value on the changes in outcomes. The Green Book provides more detailed guidance on cost-benefit analysis and the valuation of economic impacts.

1.3 - DESIGNING EFFECTIVE EVALUATIONS

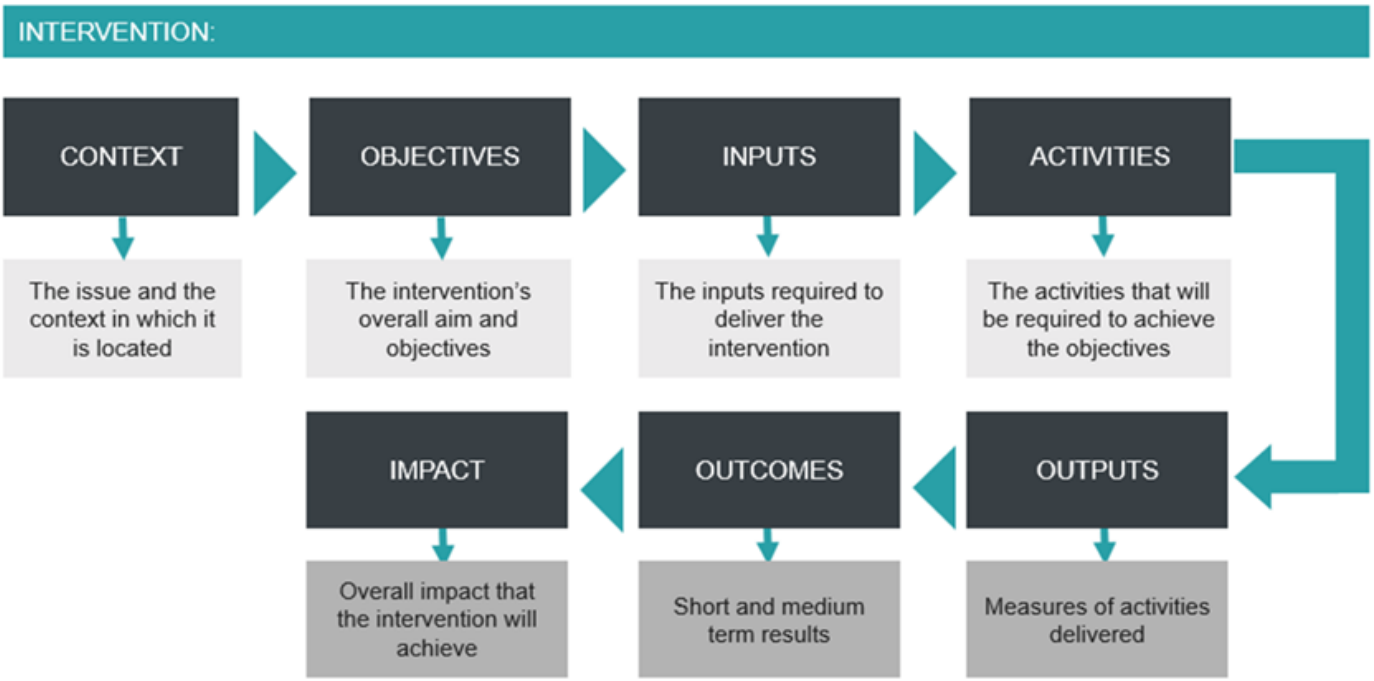
The Combined Authority has adopted the following eight stage process to design, conduct and commission effective evaluations:

1. Develop logic chain
2. Identify evaluation objectives
3. Develop research questions
4. Select approach
5. Identify data requirements
6. Identify resources
7. Conduct or commission evaluation
8. Use and disseminate findings

This eight-stage process reflects existing activity from within The Combined Authority and LEP, advice from the evaluation literature base, and best practice from across the United Kingdom. As outlined in more depth in Section 2, the eight-stage process sits alongside The Combined Authority and LEP's Assurance Framework which outlines the approach taken to the management of projects and programmes funded by Government or local sources.

Step 1 – Develop the logic chain:

A central component of all effective evaluations is a logic chain. A logic chain describes the relationship between an intervention's inputs, activities, outputs, outcomes, and impacts as illustrated in the diagram below.



The Combined Authority's Assurance Framework requires that a logic model is developed at the

Strategic Outline Case (SOC). Where logic models already exist, they should be tested to ensure they meet the requirements set out below, as this will enable them to effectively inform the evaluation approach. Where a logic model is not in place it is crucial that one is developed before progressing to step 2. Section 3.5 provides some advice on how to develop a logic model.

Logic chains are useful devices to inform impact evaluation, because they encourage thought about the steps required for an intervention to have its desired effects, and the nature of effects that can be covered in evaluation. A logic chain should represent the causal theory about why and how an intervention might work overtime, that is, the 'theory of change'.

Step 2 – Identify evaluation objective:

Once the logic chain is in place or has been tested and amended the next step is to define the overall evaluation objective. The objective should ultimately relate back to the business case and build on the assumptions used in the appraisal process. It should be SMART – that is Specific, Measurable, Achievable (or Attainable), Relevant, and Time-bound.

The logic model is a key input at this stage as it identifies the anticipated inputs, outcomes and impacts; and, the theoretical links between inputs and outputs that may need to be tested.

In order to create an overall evaluation objective, it is helpful to consider what constitutes a proportionate and realistic evaluation given the resources and data available, and what is already known about the policy area and the intervention. A good understanding of what is already known, and the existing evidence base informs the approach. For example, if an important question is whether the programme is more effective than similar ones evaluated previously, it will be important to ensure that the evaluation is planned, and data collected in such a way as to maximise comparability between the two sets of findings.

As outlined in Section 1.2, the Magenta Book suggests that there are broadly three types of evaluation, each with a different overall objective – process, impact and economic. It is useful to reflect on these three evaluation types

An example of an evaluation objective for the Authority's Business Growth Programme (BGP) is provided below.

Business Growth Programme
Example Evaluation Objective: *To determine whether businesses that received a grant increased their turnover and staffing levels to a greater extent than businesses with similar characteristics that did not receive a grant. The evaluation will be commissioned by Spring 2020 and will be completed over 3 years to enable tracking of any longitudinal change.*

Step 3 – Develop research questions:

The research questions sit underneath the overall evaluation objective and provide lines of enquiry for the evaluation to pursue. Developing the research questions is an essential part of evaluation design. The questions can be:

- Descriptive and intended to observe, describe and measure changes (what happened?).
- Causal with the aim to understand and assess the relationship between cause and effect (how and to what extent is that which occurred attributable to the intervention?).

- Predictive and aimed at trying to anticipate what will happen as a result of planned interventions (for example, will the interventions to counter unemployment create negative effects for the environment or existing employers?)

- Critical and intended to support change often from value-committed stance (for example, how can equal opportunity policies be better accepted by small and medium-sized enterprises?)

The research questions flow from the evaluation objectives. An example of possible research questions for the Business Growth Programme is provided below.

Business Growth Programme
Example Evaluation Objective: *To determine whether businesses that received a grant increased their turnover and staffing levels to a greater extent than businesses with similar characteristics that did not receive a grant. The evaluation will be commissioned by Spring 2020, and will be completed over 3 years to enable tracking of any longitudinal change.*
Example Research Questions: *1) What change in turnover and staffing levels is visible in firms supported and those firms not supported by the BGP?* *2) How does any change in turnover and staffing levels in supported firms differ to unsupported firms with similar characteristics?* *3) What other factors may account for differences in turnover and staffing levels between supported and unsupported firms?*

Once the research questions have been identified, they should be tested to ensure that they can realistically be answered given the resources available and likely practical and theoretical constraints.

Step 4 – Select approach:

It is important to determine whether a process, impact or economic evaluation is best suited to the evaluation objectives and research questions. Alternatively, the evaluation may need to cover aspects of each of these areas.

The key here is to identify which of the three types of questions are of most interest given the nature of the intervention in question. Where interventions include novel or complex activities The Combined Authority may be most interested in how they were delivered. Where interventions have large forecast outputs and outcomes, an impact evaluation may be most appropriate. Where interventions are costly, and perhaps have more intangible forecast benefits, an economic evaluation may be of most interest.

Another factor to consider when reflecting on the evaluation approach is the extent to which previous evaluations of similar activity have addressed your evaluation objective and research questions. Where there is a robust evaluation of a similar intervention it may be desirable to adopt a very similar approach in order to compare which intervention was most effective and efficient in meeting the initial policy objectives.

The outcome for this step is the selection of either a process, impact or economic evaluation, or a blended approach that draws on each of the three approaches.

Step 5 – Identify data requirements:

Once the approach has been selected, it is necessary to identify what data will be needed in order to address the evaluation objectives and research questions. It is important to consider:

- If primary research is required with the beneficiaries of the intervention, how easy will it be to contact them?
- If the evaluation is assessing impact, at what point in time should the impact be measured?
- What data is required to establish the counterfactual position? For example, if you wish to compare the performance of businesses supported by an intervention with those that didn't receive support, what level of data can be obtained for the counter-factual group, and over what time frame?

One of the key considerations is obtaining a sample that reflects the total population of beneficiaries. Population in this context refers to everyone that was involved in an intervention. It is often not possible to include the whole population in the evaluation; a representative cross section or sample of the population should be selected to provide feedback. Some common sampling methods are described in the table below.

Type	Method	Description
Whole population	Census	All members of the population are included
Random: often used for quantitative work	Random	Sample selected from the population randomly
	Stratified	Homogeneous strata (for example schools in a schools project) within the population are identified. Random samples are then taken from each stratum
Non-random: often used for qualitative work	Quota	Sample members selected by means of a visible characteristic (for example gender) until quota is met
	Judgemental	Sample chosen based on evaluator's judgement of who can provide the most valuable information
	Snowball	Sample selected using networks where each sample member is asked to recommend future sample members
Mixed	Systematic	Selection of the nth member of a population or stratum, e.g. every 10th person to leave a lecture.

A summary of possible data collection methods, and the main advantages and disadvantages of each approach, is provided in the table below.

Method	Main advantages	Main disadvantages
Observation	Suitable for collecting data related to behaviour. It works well when subjects are involved in an activity and unable to provide detailed or objective opinions.	Subjects may change their behaviour if they are aware they are being observed. There is the potential for observer bias or difference in interpretation between observers. It is difficult to simultaneously observe and record.
Interview	Allows collection of in-depth information. More likely to get a representative cross-section of your audience. Respondents can be asked to explain their responses and questions can be clarified. Works well alongside a questionnaire.	Requires skill on the part of the interviewer to elicit honest responses. Creating an interview script, booking and conducting interviews is time-consuming and therefore expensive.

Method	Main advantages	Main disadvantages
Focus groups	Very 'rich' source of data. The group situation provides security for respondents and may result in greater sharing than one-to-one interviews. The time available allows a moderator to explore issues in great detail and for respondents to reflect deeply on their opinions.	Time-consuming and expensive. Requires skill on the part of the interviewer as group dynamic is crucial to collecting useful data. It is crucial to ensure that an appropriate sample is selected for the group. Requires a suitable venue for the sessions.
Questionnaire	Inexpensive and can be anonymous which may result in beneficiaries being more honest. A large sample size is possible. Can be distributed in a number of ways. Correctly designed the questionnaire can be quick and easy for people to respond to.	Appropriate questionnaire design is crucial to success. Potentially low response rate particularly where the intervention didn't involve extensive interaction with beneficiaries. There is the danger of a self-selecting sample which does not fully represent the total population of beneficiaries. Clarification of questions and answers not possible.
Data mining	Data is already available and may include bookings and materials produced during workshops for example.	Must ensure reliability of data; Only provides at best a partial picture of what happened.

If an impact evaluation is required it will be necessary to give careful thought to how deadweight or a robust counter-factual position will be established. These issues will have been considered at the appraisal stage and a conversation with the appraisal officer may help inform the approach and resulting data requirements. Please see Section 3.5 for more information about establishing the counter-factual.

Step 6 – Identify resources:

The completion of steps 1 to 5 will result in the scope of the evaluation being well-defined enabling the final confirmation of resources.

In general terms, for large scale relatively routine interventions the budgets required for evaluation will be a small proportion (normally less than 1%). On the other hand, for interventions that are innovative in character, and where evaluation has a strong learning and participatory aspect the costs are likely to be a relatively high proportion and around 5% to 10%.

The most appropriate basis for determining the budget is the nature and scope of the work required. When considering financial budget, the following questions may be helpful prompts:

- Is it possible to accept increased risk of drawing a false conclusion about the impact and cost-effectiveness of the intervention? Are all stakeholders content to accept the risk?

- Is it necessary to produce results for sub-groups of the targeted population? Or would the overall impact be sufficient? The risk here is that an intervention which works for some people but not all may be judged as ineffective. If face to face surveys are planned, could they be replaced with telephone interviews, postal or online surveys, possibly by reducing the amount of data collected?

- How long do outcomes need to be tracked for? Are there proxy or intermediate outcome measures that could be used? What are the risks of shortening the tracking period? Tracking over a longer period increases the costs.

It can be useful to either establish a Steering Group to oversee the evaluation, and the work involved in establishing or servicing this needs consideration. It is also necessary to consider management resources which may include day-to-day management of consultants, provision of

data, reviewing draft documents and sharing findings. The level of staff time will vary throughout the evaluation but should not be under-estimated.

Finally, another important consideration is the capacity that partners have to engage in the evaluation as where interventions are delivered by partners, their ability to pro-actively engage will, to a large extent influence, the quality of the final work.

Step 7 – Conduct or commission evaluation:

In this step the evaluation will be conducted using internal resources (Tier 1), or externally commissioned resource (Tiers 2 - 4). An external organisation may have greater specialist expertise and may be seen as independent, which can be important for the credibility of the evaluation. However, in-house evaluators will have greater familiarity with institutional and management requirements and may well have easier access to information and key personnel.

Whilst the level of financial resources available may suggest that an internal approach is required, it is important to consider the opportunity cost. What activities will staff forgo in order to complete an effective evaluation?

Step 8 – Use and disseminate findings:

The effective dissemination of findings is critical if maximum value is to be obtained from the evaluation. Key questions to answer in this final step include:

- What will the findings be used for, and what decisions will they feed into?
- How will the findings be shared and disseminated?
- How will findings feed back into the ROAMEF cycle?
- Who will the audience be who receives the evaluation?

Effective dissemination may comprise of an event or series of events at which presentations are made to main representatives from various stakeholders, and the implications of the evaluation findings are discussed. Other means to presents findings include the creation of infographics, factsheets or case studies with staff briefings.

City Region's economy is the biggest outside London. It is worth over £62 billion and generates 5% of England's output. The Combined Authority and Local Enterprise Partnership are working to ensure that '*good growth delivers high levels of prosperity, jobs and quality of life for everyone*.'

2.1 - STRATEGIC ECONOMIC PLAN

The Strategic Economic Plan (SEP) has a **transformative vision** to "*be a globally recognised economy where good growth delivers high levels of prosperity, jobs and quality of life for everyone.*"

The SEP sets out the ambition to achieve "*both the right quantity and the right quality of growth; creating a strong, productive and resilient economy where a radical uplift in business competitiveness, productivity and profits goes hand in hand with access to good jobs that pay higher wages, and where all residents have access to opportunity and enjoy improved quality of life.*" The SEP is based around four priorities as shown in the diagram below.

2.2 - INDUSTRIAL STRATEGY

2.2.1 – Industrial Strategy:

The **Industrial Strategy** was published by HM Government in November 2017 with the purpose of "*boosting productivity and the earning power of people across the United Kingdom (UK).*" The Strategy is based around five foundations which are seen as "*the essential attributes of every successful economy*". These foundations are:

i) **Ideas:** the world's most innovative economy;

ii) **People:** good jobs and greater earning power for all;

iii) **Infrastructure:** a major upgrade to the UK's infrastructure;

iv) **Business Environment:** the best place to start and grow a business; and,

v) **Places:** prosperous communities across the UK.

National Government challenges Local Enterprise Partnerships (LEP) to develop a Local Industrial Strategy (LIS) in response to the National Industrial Strategy.

2.2.2 – Local Industrial Strategy:

The City Region LEP is currently drafting its Local Industrial Strategy (LIS). The LEP is currently drafting priorities against the five foundations as follows:

Ideas	People	Business Environment	Infrastructure	Place
We will..... ..support more businesses to engage in innovation activities. ..facilitate partnerships to enable more academics to work with SMEs to drive regional innovation. ..develop a strong regional innovation brand.	**We will.....** ..develop a better-skilled, healthier and more flexible workforce and a fair, progressive employment market. ..continue to promote and cultivate a responsive skills system with empowered local leadership.	**We will.....** ..boost productivity to improve people's pay and living standards and ensure the City Region contributes to the UK improving its global standing. ..simplify and reform the business support ecosystem to ensure local employers get the support they require.	**We will....** ..invest in infrastructure to increase capacity which will help to accelerate future growth. ..ensure that infrastructure is integrated to support long-term productivity gains whilst also meeting the needs of local communities to support clean and inclusive growth.	**We will....** ..champion our diverse mix of towns, cities and rural areas, and harness the wide range of physical, natural and cultural assets. ..nurture key partnerships, embracing and building on the distinctiveness of places to provide a healthy, clean and attractive environment which promotes well-being and productivity.

The LEP is developing a logic model for each of these five foundations, and each model will be accompanied by a one-page summary of the priorities. Each opportunity will also have a logic model and one-page summary of the priorities, and each Grand Challenge will have an overview of the approach with the contribution to the LIS clearly articulated.

In developing the Local Industrial Strategy (LIS), the Combined Authority engaged with over 750 people at more than 50 events working with regional, national and international stakeholders as well as schools and youth groups.

The Combined Authority is committed to putting health at the heart of the region and the LIS recognises that the City Region's industrial heritage has created a legacy of health, social and environmental challenges.

The LIS sets out the Authority's ambitions against a series of major policy objectives. For example, the following ambitions are outlined in relation to the policy objective to 'support businesses to meet the challenges of the future economy and create good growth:'

- Make business support services more joined up;
- Provide finance for businesses scaling-up;
- Improve the quality, affordability and availability of business premises;
- Make the most of new market opportunities, including through international trade and new technologies;
- Support businesses to grow and increase productivity.

The LEP is developing a logic model for each of these five foundations, and each model will be accompanied by a one-page summary of the priorities. Each opportunity will also have a logic model and one-page summary of the priorities, and each 'Grand Challenge' will have an overview of the approach with the contribution to the LIS clearly articulated.

2.3 – EXISTING ACTIVITY

West Yorkshire Combined Authority and City Region Local Enterprise Partnership are delivering a range of interventions funded through a series of Government schemes. The table below shows the value of the Authority's current interventions by policy area. It does not account for bids submitted to central Government that are currently under consideration.

Policy area	**Number of schemes**	**Percentage of total schemes**	**Total value** (£'000s)	**Percentage value**
Clean energy and economic resilience*	13	4%	£34,699	2%
Enterprise Zones	11	4%	£49,565	3%
Growing business**	7	2%	£101,659	6%
Housing & regeneration	17	6%	£44,876	3%
Skilled people and better jobs	12	4%	£86,137	5%
Transport***	234	80%	£1,410,795	82%
Total	**294**		**£1,727,731**	

Please note that:

** Includes Priorities 3 and 4c Growth Deal schemes and Warm Homes Fund*

*** Includes Priority 1 Growth Deal schemes and Broadband (contracts 2 and 3) and Growing Places Fund*

**** Includes WYTF+, LPTIP, LTP (including one scheme for each district), TCF Tranche 1, Clean Bus and Low Emission, City Connect (Phase 2)*

A number of observations can be made about the table above:

- Firstly, the table demonstrates **the significant scale of the Combined Authority and LEPs investment in the City Region**. Managing the delivery 294 individual interventions is a major undertaking and requires a well-resourced delivery team. Given the number of individual interventions it may be prudent to adopt a programme and policy area level approach to evaluation.
- Secondly, **the weighting towards the transport policy area is striking**. Transport constitutes 80% of all interventions and 82% of the Authority's investment. Given the scale of this policy area it is important that the Authority and LEP evaluate the most innovative and largest interventions in this area.
- It is interesting to note that there is **close alignment between the number of schemes in a policy area and the overall value of investment in half of the six areas**, namely: Enterprise Zones; Skilled people and better jobs; and, Transport.
- However the alignment is significantly different for Clean energy and economic resilience (2% of value but 4% of total schemes); Growing businesses (6% of value but 2% of total schemes); and, Housing and regeneration (3% of value but 6% of total schemes). This suggests that the Growing businesses policy area has focussed more on fewer, large interventions than Clean energy and economic resilience; and, Housing and regeneration.

2.3.1 – West Yorkshire Transport Strategy:

The West Yorkshire Transport Strategy outlines that in order to deliver the Combined Authority's vison of a globally-recognised economy where good growth delivers high levels of prosperity, jobs and quality of life for everyone, a modern, world-class, well-connected transport system is required that makes travel around West Yorkshire easy and reliable. The Strategy contains the following objectives:

- Economy: Create a more reliable, less congested, better connected transport network;
- Environment: Have a positive impact on our built and natural environment;
- People & Place: Put people first to create a strong sense of place.

The Transport Strategy 2040, encompasses a wide range of projects including those taking steps to reduce vehicle emissions, making roads safer for cyclists and pedestrians, major road improvements (such as Castleford Northern Gateway, East Leeds Orbital Road, the Leeds Bradford Airport Link Road) and rolling out Smart Motorways.

The Transport Strategy also covers major improvements to rail stations and continuing rail electrification, the design and consultation over HS2 and Northern Powerhouse Rail, and further improvements to the MCard smartcard travel system, as well as improved flood defences, pothole repairs and road improvements.

2.3.2 – Growth Deal:

In 2014, central Government committed Growth Deal funding totalling £572.9M to City Region LEP for projects that benefit the local area and economy. An additional £54.6M was agreed in 2015, taking the total value of the Growth Deal to £627.5M.

There is a total of 23 metrics against which Growth Deal projects report. The table below outlines some of the metrics, categorised as outputs and outcomes for the purpose of this Strategy.

Outputs	
Measure	***Definition***
Apprenticeships created	Number of apprenticeship positions created as a direct result of intervention.
Housing units completed (affordable)	At the impact site, the number of completed housing units. Complete refers to physical completion of the individual unit, or, in the case of flats, on physical completion of the block.
Length of road resurfaced	Length of road for which maintenance works have been completed this quarter (km).
Number of new learners assisted	The number of new learners assisted as a direct result of the intervention, in courses leading to a full qualification.
Outcomes	
Measure	**Definition**
Jobs created or safeguarded	The total number of newly created and safeguarded permanent full-time equivalent jobs as a direct result of the intervention at predetermined employment sites.
Reduced flood risk homes	Number of homes with a reduced likelihood of flooding as a result of the project this period.

LEPs have the opportunity to report metrics on activities completed in 'impact areas'. These areas have to be agreed between each LEP and Government. The City Region LEP has prepared an options paper for impact areas and this outlines that the LEP measures benefits achieved by delivering Growth Deal projects in three ways, these are:

i) **Direct outputs** - arise directly from the project activity and do not require further investment or activity to be achieved. These are directly reported and evidenced by the project sponsor.

This may include floor-space developed, direct jobs created, length of road built.

ii) **Indirect outputs** - do not result directly but are unlocked or facilitated by the delivery of the project but require further investment or activity for them to be achieved. Once again these are directly reported and evidenced by the project sponsor. An example would be homes built following creation of a new road, these would be evidenced through planning permissions and reported new builds.

iii) **Wider impacts** - are the catalytic impacts that the project may deliver. They are likely to be realised in the longer term and by their nature less directly linked to the project being undertaken. These may only be evidenced through evaluation of the project and may require modelling. This could include attracting similar businesses to an area or enabling growth in related businesses. Identification of impact sites will allow consistent evaluation of these benefits across the programme and will take into consideration wider levels of activity rather than single projects.

The City Region LEP has proposed the following approach based on project typology:

Growth Deal priority	Project Examples	Proposed Impact Area
P1: Growing business	Business Growth Programme	Location of supported facility
P1: Growing business (*focus on innovation and Research & Development)*	Nexus - University of Leeds and University of Huddersfield Innovation Project	Location of facility or building receiving investment
P2: Skilled people, better jobs	Skills Capital	Location of college facility
P3: Clean energy and environmental resilience	Resource Efficiency Fund Energy Accelerator Programme	Location of supported facility
P4a: Housing and Regeneration	Housing Enabling Programmes Site Development Enterprise Zones	Location of site / development buffer where catalytic impacts would be anticipated.
4b: West Yorkshire + Transport Fund	WT+ Transport Scheme	Buffer areas of 250m / 500m / 1km / 1.5km
4c: Economic resilience	Flood Alleviation Schemes Natural Flood Management	Buffer reflecting effect on likely flood impacts

2.4 – FUTURE PROGRAMMES OF ACTIVITY

This Strategy has been developed at a time of significant change in the economic development landscape. There are a number of potential future programmes of activity which the LEP will bid for, deliver and evaluate. It is suggested that this Strategy is subject to an annual refresh in order to ensure that it remains up-to-date and reflects the latest developments. This section provides a brief outline of some potential areas of future funding and activity.

2.4.1 – Industrial Strategy Challenge Fund:

The **Industrial Strategy Challenge Fund** is part of Government's Industrial Strategy and is a core pillar of the Government's commitment to increase funding in research and development by £4.7 billion over 4 years to strengthen UK science and business. In general terms, it is intended to invest where the UK has a world-leading research base and highly-innovative businesses to address the biggest industrial and societal challenges today, where the UK already has world-businesses that are ready to innovate; and to invest where the global market is large or fast-growing and sustainable.

2.4.2 – Transforming Cities Fund:

In November 2019, the Combined Authority submitted the City Region Transforming Cities Fund (TCF) bid. The bid sets out the Authority's aims to:

- Transform access for communities of persistent poverty to employment opportunities and skills centres;
- Create smart, clean and liveable places which make cycling and walking the obvious choice for accessing town and city centres – improving air quality and reducing car dominance;
- Transform the public transport and active travel offer from housing and employment sites, ensuring that people are enabled to make sustainable travel choices from day one; and,
- Make travel by bus an attractive and more reliable offer for commuters through spreading the benefits of 'Connecting Leeds' to the rest of the City Region.

The Authority's bid has a core funding request of £406.3M and a stretch request totalling £480.5M. Individual interventions for which The Combined Authority seeks Government support include:

- Transform bus and rail interchange in Halifax Town Centre;
- Deliver pedestrianisation and cycle infrastructure in Bradford City Centre; and,
- Major works to the front of Leeds City Station.

A decision on the Authority's TCF submission is expected imminently.

2.4.3 – Future Mobility Zones:

The Authority's has designed a package of Future Mobility Zones (FMZ) schemes to deliver a step change mobility across the City Region. The Authority's objectives for FMZ are:

- **Inclusive growth** through improving equity of access to transport and mobility services;
- **Improving local connectivity issues**, particularly between deprived communities and employment and skills opportunities;

- **Improving the affordability of public transport** particularly for low income workers, job seekers and those in areas of deprivation;
- **Utilising technology and associated services to enable a shift to low carbon and sustainable mobility modes**, reducing transport-related emissions and contributing to the City Region achieving its ambition to be net zero carbon by 2038; and,
- **Ensuring digital and financial inclusion** is at the heart of development of new solutions.

The core package of planned interventions has a total value of £26.64M, with the total value of all interventions being £31.75M. Funding from the Department for Transport (DfT) will enable The Combined Authority to deliver:

- Affordable and accessible travel through the introduction of small, demand-responsive vehicles;
- Travel information that is better integrated and more accessible through the provision of a Mobility as a Service App including a voice activated booking system; and,
- Community mobile hubs with ebikes, car club vehicles and smaller responsive bus services.

The FMZ bid was submitted in September 2019.

2.4.4 – Strength in Places Fund:

The **Strength in Places Fund** is a competitive funding scheme that takes a place-based approach to research and innovation funding, to support local economic growth. The fund is relevant to the ideas and places foundations of the Industrial Strategy. The high level aims of the Fund are to support innovation-led regional growth by identifying and supporting areas of R&D strengths that are driving clusters of businesses across a range of sizes that have potential to innovate; and, to enhance local collaborations involving research and innovation.

2.4.5 – Shared Prosperity Fund:

The **UK Shared Prosperity Fund** is proposed as a replacement for the loss of European Union (EU) structural funding (which is worth about €2.4 billion per year and supports several aspects of economic development including support for businesses, innovation and employment) when the UK leaves the EU.

The latest House of Commons Briefing Paper on the UK Shared Prosperity Fund was issued in September 2019. It outlines that "*there are several issues that will need to be considered when setting up the Fund. These include:*

- *the priorities and objectives of the Fund;*
- *the amount of money to be allocated;*
- *the method of allocating it between the countries and regions of the UK, and whether this is based on need (and what measure is used to determine need);*
- *the model by which funding will be allocated, whether pre-allocating an amount for a country or region or inviting competitive bids from across the UK;*
- *the length of the planning period and the way in which this could conflict with domestic spending priorities;*

- *who administers the funds (whether they are controlled from Westminster or by the devolved administrations) and the degree to which local authorities are involved;*
- *the implications of the Fund for state aid rules.*"

The Government had not published its consultation on the Fund at the point that this Strategy was authored. Based on the available information it is clear that the Fund will have strong connection to the Industrial Strategy, but the detail of allocations, fund administration and priorities are being developed.

2.4.7 – Devolution Deal:

The City Region LEP has been in discussion with Government for a number of years in relation to a Devolution Deal. The geographical focus of the Deal has been subject to extensive discussion with options include a Yorkshire-wide approach.

One Yorkshire Leader has set out proposals to unlock the benefits of devolution for all parts of the region while creating a pathway to a full One Yorkshire devolution deal in 2022. An independent economic study has shown a One Yorkshire devolution deal could deliver economic benefits worth £30bn a year or £5,400 per person. In a letter to the Prime Minister in July 2019, the One Yorkshire Leader stated that "*devolution in Yorkshire is critical to deliver our shared objectives, which cross political divides and are about growth in a post-Brexit world. It aligns to your stated priorities of more investment in desperately needed transport and full fibre digital infrastructure, increase inward investment and helps our companies export, deliver more houses to meet the acute shortage across the county, quicken the progress we are making in sustainable energy generation and carbon capture, better address the skills shortages in our workforce, and critically, help tackle deprivation, both urban and rural, wherever it exists in our communities.*"

In return for devolution of these powers it is expected that a Mayor is elected reflecting the approach in City Regions that have a Devolution Deal in place, including Manchester and the Tees Valley. A Devolution Deal would result in greater funding and powers for the area, with the requisite need for robust evaluation approaches.

The City Region Local Enterprise Partnership recently confirmed that, in line with Government requirements, geographical overlap with neighbouring LEPs has been addressed by focussing purely on the following Local Authority areas: Bradford, Calderdale, Kirklees, Leeds and Wakefield. It may be that a devolution deal with Government is therefore focussed on West Yorkshire but there was no definitive position at the point this Evaluation Strategy was published.

This Evaluation Strategy should be subject to an annual review to ensure that it reflects the latest metrics and considerations as further detail is provided on the Shared Prosperity Fund and the Devolution Deal.

2.5 – NATIONAL LOCAL GROWTH ASSURANCE FRAMEWORK

Central Government issued the latest version of the National Local Growth Assurance Framework (NLGAF) in January 2019. The Framework sets out how LEPs must administer their Growth Deal funding and requires that Local Assurance Frameworks (LAF) developed by LEPs make the following commitments with regards to evaluation:

- LAFs "*should make reference to specific documentation which sets out their approach, such as Growth Deal Evaluation plans.*"
- "*Plans should… enable the designing-in of impact evaluation. This should include as a minimum, logic modelling of the individual policies in scope to clearly outline the objective for intervention and the metrics that will need to be measured.*"
- "*LEPs must ensure a proportionate approach to evaluation… and based on the art of what is possible… Where a counterfactual is truly not feasible nor value for money, lower thresholds of evaluation design can still be meaningful. A logic model and strong monitoring data will allow triangulation with other data towards a theory-based evaluation as a minimum."*
- *"Evaluation objectives should relate back to the business case and build on the assumptions used in the appraisal process. A good starting point for both the business case and monitoring and evaluation is the creation of a logic model."*
- *"It is important to have consistency in how metrics are being counted across different interventions."*
- *"Success will need to be monitored at various levels of granularity e.g. project level should build up to policy/intervention type evaluation."*
- *"LEPs must put in place mechanisms to ensure that transport schemes are evaluated in line with the latest Department for Transport (DfT) guidance on the evaluation of local major schemes. In particular LEPs should:*

    • set out proportionate evaluation and monitoring (M&E) plans that clarify requirements for individual schemes including funding of M&E activities; responsibility for undertaking M&E, how minimum standards will be met and timescales for completion and decisions.

    • ensure that M&E plans are in place for schemes by the time that funding is signed off or before any data collection is programmed.

    • put in place processes to ensure that the results of any evaluation and monitoring are published."

- With regards to transport schemes it is recommended that *"LEPs should have the results of any evaluation and monitoring reviewed independently of the scheme promoter."*

In summary, the National Local Growth Assurance Framework requires that The Combined Authority and LEP document their approach to evaluation; take a proportional approach; ensure evaluations are closely linked backed to the original intervention business case; and, complete evaluations at different scales. Finally, transport schemes must reflect guidance from the DfT.

2.6 – LOCAL GROWTH ASSURANCE FRAMEWORK

The Local Growth Assurance Framework (LGAF) was updated in August 2019, reflecting the latest guidance from Government. The Framework outlines the approach that the LEP and Combined Authority take to the management of projects and programmes funded by Government or local sources. The Framework's purpose is to ensure that the necessary systems and processes are in place to manage funding effectively, and to ensure the successful delivery of SEP outcomes. The diagram below summarises the LEP and Combined Authority's assurance process:

The assurance process has three stages: eligibility; development; and delivery and evaluation. There are seven activities across these three stages, but each scheme is given its own pathway and they may not need to complete each activity. The process, and the intensity of appraisal applied, is tailored for each scheme depending on its type, scale and complexity, with the appropriate activities applied. A brief summary of each of the seven activities is provided in the table below:

Stage	Activity	Overview
Eligibility	1 – Strategic Assessment	Review eligibility and prioritise scheme over others that have come forward as part of the call for projects.
	2 – Strategic Outline Case (SOC)	The scheme promoter completes the SOC to demonstrate that sufficient, robust and evidenced scoping has been carried out in order to determine a preferred way forward for delivering the scheme objectives. The SOC should determine the short list of options.
Development	3 – Outline Business Case (OBC)	The OBC provides a thorough outline of the preferred option to deliver the scheme's objectives. The Combined Authority can award development funding to progress the project to its next decision point.
	4 – Full Business Case (FBC)	The FBC is completed by the scheme promoter and the Combined Authority can provide approval to either enter into a funding or loan agreement.
	5 – FBC with finalised costs	If required, the scheme promoter submits the FBC with finalised costs following development work.
Delivery and evaluation	6 – Delivery	The scheme is delivered and monitored using the web-based Portfolio Information Management System (PIMS) to ensure a consistent approach to monitoring and management of all projects. The Authority's Case Officer can approve or reject any variations outside tolerances.
	7 – Close and review	The purpose of activity 7 is to confirm that the scheme has met all key requirements and deliverables in accordance with the funding agreement. Through this activity lessons learnt are captured to inform the development and delivery of future projects.

The Local Growth Assurance Framework process reflects the ROAMEF intervention lifecycle. Evaluation considerations are built in from the outset. For example, scheme promoters are required to develop a logic model as part of the Strategic Outline Case (SOC). As part of the appraisal of the management case The Combined Authority considers whether the intervention has completed research on how other similar projects were designed and delivered. The Combined Authority is committed to continuous improvement and is currently strengthening links across the intervention lifecycle.

2.7 – CONTEXT SUMMARY

In summary, the Combined Authority and Local Enterprise Partnership are major recipients of public funding. The interventions supported with this funding cover a wide range of economic development themes including:

- Business growth;
- Business start-up;
- Clean energy;
- Environmental protection;
- Housing;
- Innovation;
- Inward investment;
- Regeneration; and,
- Transport.

At the point that this Strategy was published a number of major programmes, including the Growth Deal, are reaching their final year of delivery. The Government has launched a number of challenge schemes which the Authority, LEP and partners are bidding for including the Transforming Cities Fund.

The Government is designing the replacement for European structural funding following the United Kingdom's departure from the European Union. Details of the Shared Prosperity Fund are expected in due course and should include the role that Combined Authorities and LEPs will play in fund management, the output measures and evaluation requirements. Whilst West Yorkshire Combined Authority and the City Region Local Enterprise Partnership cannot, at this stage, develop a specific evaluation plan for the Shared Prosperity Fund, the principles and process outlined in this Evaluation Strategy positions The Combined Authority and LEP for a strong role.

This Strategy recommends that the Combined Authority and LEP conduct and commission evaluations at three levels – project, programme and policy area.

3.1 – EVALUATION PRINCIPLES

The following evaluation principles have been developed to reflect feedback from staff involved in consultation interviews to inform the Combined Authority's Strategy's development; Government guidance in the Magenta Book and National Local Growth Assurance Framework (NLGAF); and, recognised good practice.

The principles also recognise that evaluation informs each stage of the ROAMEF cycle, with a particularly strong connection between appraisal and evaluation. The principles below have informed the evaluation approach outlined in this Strategy and will guide the way that the Combined Authority and LEP design, conduct and commission evaluations.

1

Evaluation planning is an integral part of developing the business case.

Evaluation planning occurs in parallel with the development of an intervention's business case. The Strategic Assessment template has a clear focus on asking scheme promoters to identify what problem or opportunity they want to address, and this informs the logic chain which is a critical evaluation tool. At the Strategic Outline Case (SOC) scheme promoters are required to complete a logic model.

As part of the Authority's continuous improvements scheme promoters will be asked to draft an Evaluation Plan as part of the SOC and finalise it in the Full Business Case (FBC). A budget will be agreed at FBC that reflects the agreed Evaluation Plan.

2

The focus of evaluation reflects the business case.

The Evaluation Plan will sit alongside the business case and will build on the intervention's logic model. Scheme promoters will articulate any assumptions between stages in the logic model and will outline their views on the evaluation objective and research questions. The Evaluation Plan will be guided by the Authority's Case Manager with input from members of the new evaluation team.

The Authority's evaluations will be relevant and high quality with clear developmental and practical value. They will be undertaken to a sufficiently high standard that the findings can be reliably used for their intended purpose.

3

Evaluation efforts are proportional to the intervention's scale and complexity.

The nature of each evaluation is determined on a case-by-case basis as part of the appraisal process. Interventions that are modest in scale and do not represent a significantly novel approach will be subject to an internal, lessons learned evaluation conducted by the Combined Authority where there is no role in delivery or will not be evaluated.

Factors that are considered when determining whether to evaluate an intervention include the opportunity for learning; any urgency to make course corrections or future funding decisions; the

potential for strategic or reputational risk; size of investment as a proxy for importance; and the expectation of a positive expected return from the budget invested in an evaluation.

Individual evaluations establish a robust counter-factual position where possible. The Combined Authority seeks to use multiple methods and data sources when possible in order to strengthen evaluation design and reduce bias. All evaluation reports conducted or commissioned by The Combined Authority clearly articulate methods used and their limitations.

4

Monitoring and evaluation data are consistent across policy

The Combined Authority ensures that there is consistency in how metrics are being counted across different interventions. The Portfolio Information Management System (PIMS) is based on a common performance framework which enables reliable reporting of outputs. Success will be monitored and evaluated at different levels from individual interventions through to whole policy areas.

5

Evaluation will be undertaken independently of delivery.

The Combined Authority will only undertake internal evaluations where there is no involvement in delivery. Wherever The Combined Authority does have a role in delivery, evaluations will be commissioned and completed by an external party on the Authority's Evaluation Panel.

The Combined Authority is committed to evaluation being independent of delivery to enable it to robustly demonstrate the validity of key evaluation findings.

6

Evaluation is a learning process and a key component in policy development.

The Combined Authority recognises that evaluation is not an end in itself and is fundamentally a learning process. The Combined Authority is determined to ensure that lessons learned from evaluations inform future policy and the focus of bids for funding from Government.

7

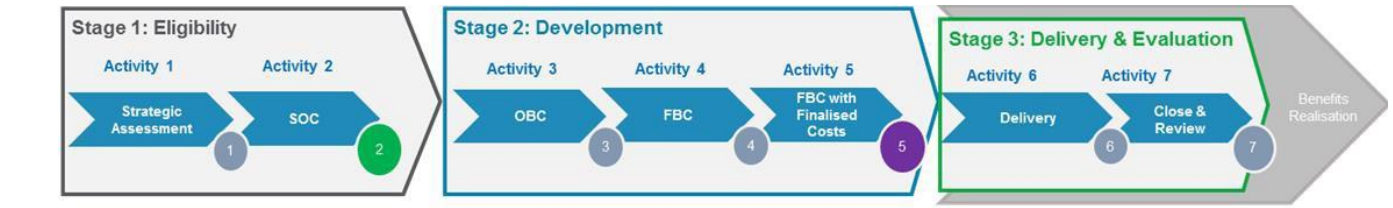
Evaluation data and findings are disseminated effectively.

The Combined Authority will share findings with appropriate audiences. Evaluation Plans developed by scheme promoters consider and identify audiences for the evaluation findings.

The Combined Authority will take time to reflect on evaluation results, generate implications for policy or practice, and adapt as appropriate. The Combined Authority recognise the value in combining the insights from evaluation results with learning based on experience.

3.2 – EVALUATION AND THE ASSURANCE FRAMEWORK

The diagram below summarises the evaluation points in the Assurance Framework.



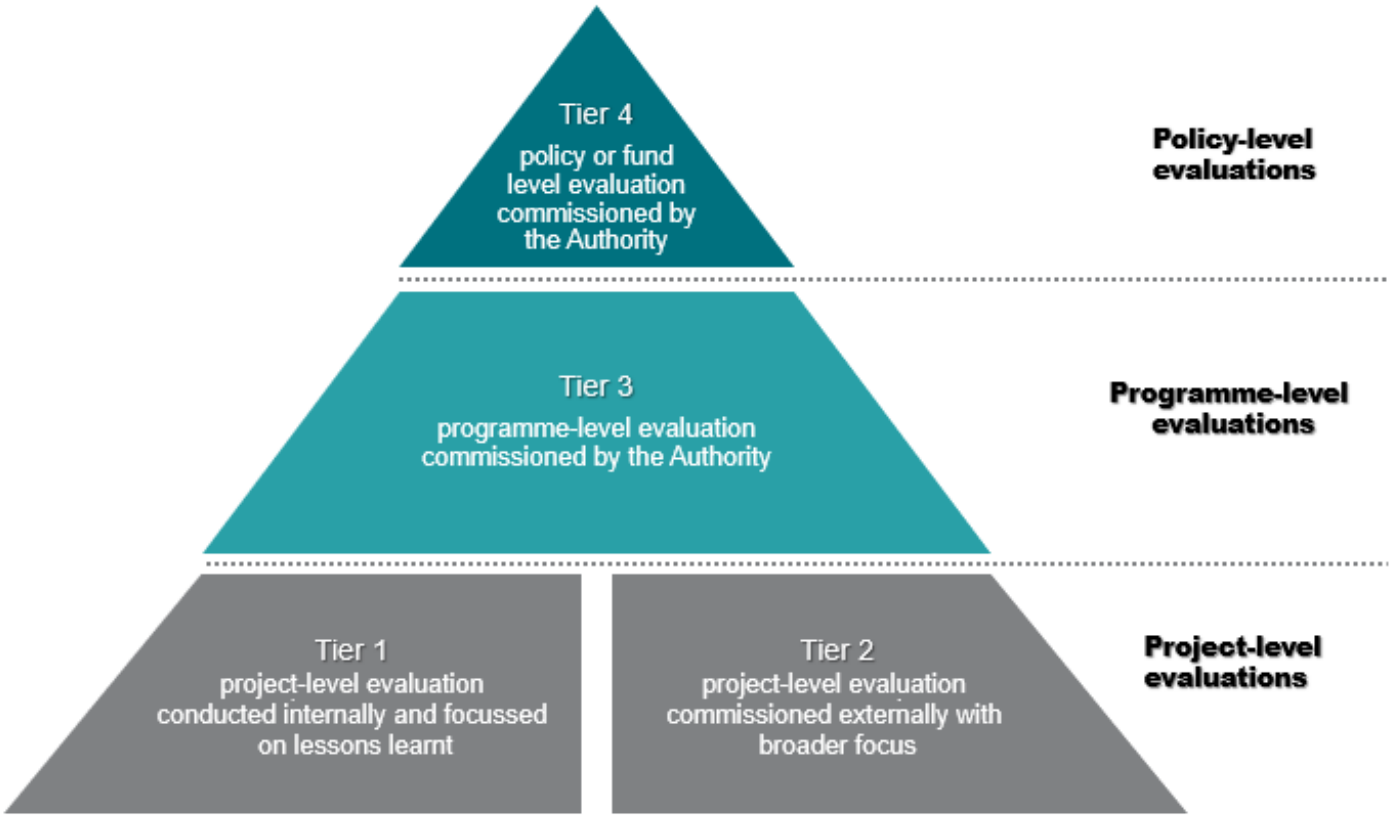
Promoter	Outline problem or opportunity to be addressed	Develop logic model and draft Evaluation Plan	Update Evaluation Plan	Final Evaluation Plan including objectives, research questions and budget	Collect and report on output data and participate in mid-term review	Participate fully in evaluation and help disseminate findings, complete Project Closure Report (PCR)
Combined Authority	Use evaluation evidence base to see how problem or opportunity has been addressed in past	Assess logic model and draft Evaluation Plan and provide feedback. Feed into appraisal process.	Assess Evaluation Plan and provide feedback. Feed into appraisal process.	Amend or approve Evaluation Plan and budget. Feed into appraisal process and specifically check whether intervention has gathered lessons learned from similar activities and used them to inform the development of the preferred delivery option.	Monitor delivery and conduct, or commission mid-term review, if stipulated in Plan	Conduct or commission evaluation as stipulated in the Evaluation Plan, convene meeting to reflect on findings and lessons learned, disseminate findings and lessons within the organisation and externally to stakeholders

Evaluation is embedded in the Combined Authority's Assurance Framework reflecting the principles outlined in Section 3.1. One of the key components of the Authority's approach is the development of an Evaluation Plan by scheme promoters at the Strategic Outline Case stage (Activity 2). This Plan is refined during the Outline Business Case stage (Activity 3) and is then finalised at either Full Business Case (Activity 4) or Full Business Case with finalised costs (Activity 5). A budget is attached to each Evaluation Plan to reflect the scale of evaluation.

The Evaluation Plan is used to develop a brief where The Combined Authority conducts an in-house evaluation, or a specification where The Combined Authority is commissioning a firm from the Evaluation Panel.

3.3 – SELECTING THE EVALUATION APPROACH

This Strategy outlines four tiers of evaluation that the Combined Authority and LEP will conduct or commission:



The five following considerations are used to determine the most appropriate evaluation tier:

1) **Type** of evaluation: The Combined Authority determines whether a process, impact or economic evaluation is required, or a combination of each three types.

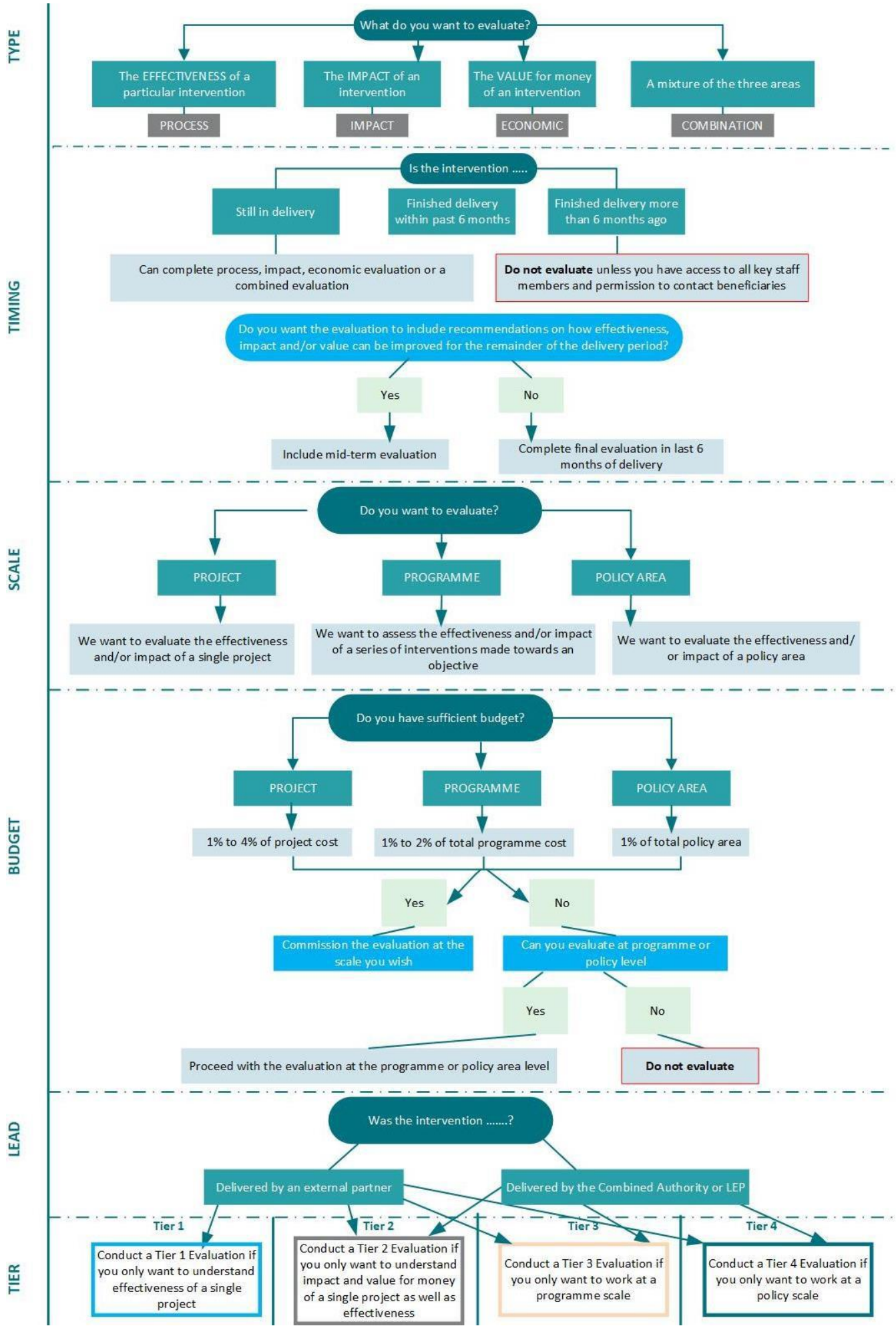
2) **Timing** of intervention: The Combined Authority reviews the timing of the intervention and determines whether this limits which type of evaluation can be used.

3) **Scale** of evaluation: The Combined Authority considers whether to evaluate a project-level intervention, or group it with similar interventions within a programme, policy or fund-level evaluation.

4) **Budget** for evaluation: The available budget for evaluation may limit the evaluation scope or may dictate the evaluation scale.

5) **Lead** on Intervention: The Combined Authority reviews its role and determines whether it is sufficiently independent to conduct the evaluation, or instead needs to commission a firm on the Evaluation Panel.

The flow chart on the following page explores each of these considerations in turn and details the most appropriate evaluation tier based on a series of prompts.


TYPE
What do you want to evaluate?
The EFFECTIVENESS of a particular intervention
PROCESS
The IMPACT of an intervention
IMPACT
The VALUE for money of an intervention
ECONOMIC
A mixture of the three areas
COMBINATION
TIMING
Is the intervention .....
Still in delivery
Finished delivery within past 6 months
Finished delivery more than 6 months ago
Can complete process, impact, economic evaluation or a combined evaluation
Do not evaluate unless you have access to all key staff members and permission to contact beneficiaries
Do you want the evaluation to include recommendations on how effectiveness, impact and/or value can be improved for the remainder of the delivery period?
Yes
No
Include mid-term evaluation
Complete final evaluation in last 6 months of delivery
SCALE
Do you want to evaluate?
PROJECT
PROGRAMME
POLICY AREA
We want to evaluate the effectiveness and/or impact of a single project
We want to assess the effectiveness and/or impact of a series of interventions made towards an objective
We want to evaluate the effectiveness and/ or impact of a policy area
BUDGET
Do you have sufficient budget?
PROJECT
PROGRAMME
POLICY AREA
1% to 4% of project cost
1% to 2% of total programme cost
1% of total policy area
Yes
No
Commission the evaluation at the scale you wish
Can you evaluate at programme or policy level
Yes
No
Proceed with the evaluation at the programme or policy area level
Do not evaluate
LEAD
Was the intervention .....?
Delivered by an external partner
Delivered by the Combined Authority or LEP
TIER
Tier 1
Tier 2
Tier 3
Tier 4
Conduct a Tier 1 Evaluation if you only want to understand effectiveness of a single project
Conduct a Tier 2 Evaluation if you only want to understand impact and value for money of a single project as well as effectiveness
Conduct a Tier 3 Evaluation if you only want to work at a programme scale
Conduct a Tier 4 Evaluation if you only want to work at a policy scale

3.4 - EVALUATION TIERS

3.4.1 – Tier 1 evaluations

The table below shows the key features of Tier 1 evaluations:

Tier 1 evaluation guide		
Type:	Process evaluation – *how was the intervention delivered?*	Major focus
	Impact evaluation – *what difference did the intervention make?*	Minor focus
	Economic evaluation – *did the benefits justify the costs?*	No focus
Timing:	Mid-term review – *do you want to make recommendations for the remainder of the delivery period?*	✓
	Final evaluation – *complete evaluation within final 6 months of delivery or within 6 months of intervention concluding*	✓
Scale:	Project level	✓
	Programme level	
	Policy or fund level	
Budget:	Internal budget for staff time	✓
	External budget for firm on Evaluation Panel	
Lead:	Combined Authority staff complete evaluation	✓
	Firm on Evaluation Panel completes evaluation	

The following areas of good practice will be followed in the design and completion of Tier 1 evaluations:

- Design – Evaluation Plan agreed at Full Business Case (Activity 4 or 5) setting out the overall objective, research questions, data collection methods and timescales.

- Involve – Combined Authority staff will identify stakeholders to interview to determine how effectively the intervention was delivered. Where possible Combined Authority staff will approach direct beneficiaries and seek their views.

- Gather data – given the nature of Tier 1 evaluations, data collection will be largely focussed on existing monitoring data including expenditure and output attainment. Staff conducting these evaluations may design questionnaires, convene a focus group or interview individuals to gather stakeholder's views. Any data gathered from beneficiaries will focus on their views on delivery.

- Governance – Combined Authority staff will either report to a Steering Group that was in place to oversee the intervention or share the findings with the Authority's Governance and Audit Committee. Staff conducting the tier 1 evaluation will ideally be situated in a team that does not manage the intervention in question.

- Report – a brief report will be created including an Executive Summary which will be shared with the Programme Appraisal Team (PAT).

- Disseminate – key findings and lessons learned will be disseminated through the following channels: Executive Summary shared with PAT and the Governance and Audit Committee; briefing session delivered to policy team; and, report made available on the intranet.

3.4.2 – Tier 2 evaluations

The table below shows the key features of Tier 2 evaluations:

Tier 2 evaluation guide		
Type:	Process evaluation – *how was the intervention delivered?*	Major focus
	Impact evaluation – *what difference did the intervention make?*	Major focus
	Economic evaluation – *did the benefits justify the costs?*	Major focus
Timing:	Mid-term review – *do you want to make recommendations for the remainder of the delivery period.*	✓
	Final evaluation – complete evaluation within final 6 months of delivery or within 6 months of intervention concluding	✓
Scale:	Project level	✓
	Programme level	
	Policy or fund level	
Budget:	Internal budget for staff time	
	External budget for firm on Evaluation Panel	1% to 4% of project budget
Lead:	Combined Authority staff complete evaluation	
	Firm on Evaluation Panel completes evaluation	✓

The following areas of good practice will be followed in the design and completion of Tier 2 evaluations:

- Design – Evaluation Plan agreed at Full Business Case (Activity 4 or 5) setting out the overall objective, research questions, data collection methods and timescales. The Evaluation Plan is then used to develop a specification for the evaluation.

- Involve – the specification will set out key stakeholders that the external firm will need to involve in the evaluation process.

- Gather data – the specification will outline the data required to address the research objectives. Given that Tier 2 evaluations are likely to have a major focus on impact and value for money, extensive primary data collection is likely to be required. Where projects sit within a well-established policy area the data requirements should be specified to enable a like-for-like comparison with other projects with similar objectives.

- Governance – the external firm should issue reports that can be shared with the Steering Group in place to oversee the intervention, or the Authority's Governance and Audit Committee where a Steering Group does not exist. Where possible a representative of end beneficiaries should be added to the Steering Group to ensure that users' views help influence the course of the evaluation. External firms will be asked to present key findings towards the end of their commission as a minimum requirement. Staff conducting the tier 1 evaluation will ideally be situated in a team that does not manage the intervention.

- Report – an extensive report will be created including an Executive Summary which will be shared with the Programme Appraisal Team (PAT).

- Disseminate – key findings and lessons learned will be disseminated through the following channels: Executive Summary shared with PAT and the Governance and Audit Committee; briefing session delivered to policy team; and, report made available on the intranet.

3.4.3 - Tier 3 evaluations

The table below shows the key features of Tier 3 evaluations:

Tier 3 evaluation guide		
Type:	Process evaluation – *how was the intervention delivered?*	Modest focus
	Impact evaluation – *what difference did the intervention make?*	Major focus
	Economic evaluation – *did the benefits justify the costs?*	Major focus
Timing:	Mid-term review – *do you want to make recommendations for the remainder of the delivery period.*	
	Final evaluation – *complete evaluation within final 6 months of delivery or within 6 months of intervention concluding*	✓
Scale:	Project level	
	Programme level	✓
	Policy or fund level	
Budget:	Internal budget for staff time	
	External budget for firm on Evaluation Panel	1% to 2% of combined projects' budget
Lead:	Combined Authority staff complete evaluation	
	Firm on Evaluation Panel completes evaluation	✓

The following areas of good practice will be followed:

- Design – Tier 3 evaluations are most likely to be conducted on interventions that have already passed through the Assurance Framework. An Evaluation Plan may therefore be developed retrospectively. Given the nature of programme-level evaluations, staff from different teams across The Combined Authority will be involved in developing a specification for the evaluation.

- Involve – the specification will set out key stakeholders that the external firm completing the evaluation will need to involve in the evaluation process.

- Gather data – the specification will outline the data required to address the research objectives. Tier 3 evaluations are likely to have a major focus on impact and value for money, and extensive primary data collection is likely to be required. The specification will set out how consistent data is required to enable a like-for-like comparison of the effectiveness, impact and value for money offered by the individual projects. The specification will also outline the suggested approach to establishing the counter factual.

- Governance – given the strategic importance of Tier 3 evaluations for policy and strategy development, The Combined Authority will ensure that a bespoke Steering Group is established to oversee Tier 3 evaluations. The Combined Authority will also ensure that the Governance and Audit Committee have strong visibility as the evaluation progresses.

- Report – an extensive report will be created including an Executive Summary which will be shared with the Programme Appraisal Team (PAT). The Combined Authority will develop a reporting framework to enable easier comparisons across reports.

- Disseminate – a dissemination strategy will be developed with the assistance of the Authority's Communications Team. Given the strategic nature of Tier 3 evaluations the Authority will ensure that staff have sufficient time and space to reflect on the findings and build them into the policy cycle.

3.4.4. – Tier 4 evaluations

The table below shows the key features of Tier 4 evaluations:

Tier 4 evaluation guide		
Type:	Process evaluation – *how was the intervention delivered?*	Major focus
	Impact evaluation – *what difference did the intervention make?*	Major focus
	Economic evaluation – *did the benefits justify the costs?*	Major focus
Timing:	Mid-term review – *do you want to make recommendations for the remainder of the delivery period.*	
	Final evaluation – complete evaluation within final 6 months of delivery or within 6 months of intervention concluding	✓
Scale:	Project level	
	Programme level	
	Policy or fund level	✓
Budget:	Internal budget for staff time	
	External budget for firm on Evaluation Panel	Around 1% to 2% of total policy area budget
Lead:	Combined Authority staff complete evaluation	
	Firm on Evaluation Panel completes evaluation	✓

The following areas represent good practice when designing and conducting Tier 4 evaluations:

- Design – Tier 4 evaluations are most likely to be conducted on interventions that have already passed through the Assurance Framework. An Evaluation Plan will therefore be developed retrospectively. Given the nature of policy or fund-level evaluations staff from different teams across The Combined Authority will be involved in developing a specification for the evaluation. Where possible staff from the funder will be given the opportunity to contribute to the specification.

- Involve – the specification will set out key stakeholders that the external firm completing the evaluation will need to involve in the evaluation process. Given the scale of a policy of fund-level evaluation stakeholder engagement will be a key component of the evaluation.

- Gather data – the specification will outline the data required to address the research objectives. Tier 4 evaluations are likely to have a major focus on impact and value for money, and extensive primary data collection is therefore likely to be required. The specification will set out how consistent data is required to enable a like-for-like comparison of the effectiveness, impact and value for money offered by the individual projects.

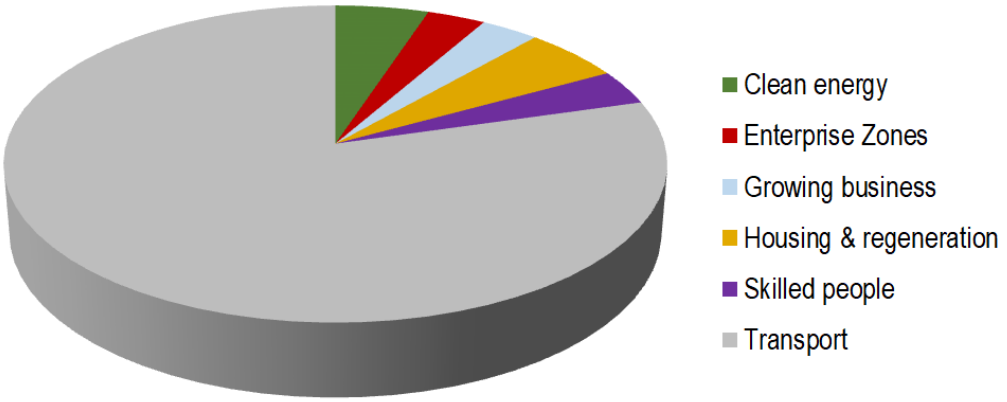
- Governance – given the strategic importance of Tier 4 evaluations for policy and strategy development, The Combined Authority will ensure that a bespoke Steering Group is established to oversee Tier 3 evaluations. The Combined Authority will also ensure that the Governance and Audit Committee have strong visibility as the evaluation progresses and reports. Individual sub- committees may also be engaged.

- Report – an extensive report will be created including an Executive Summary which will be shared with the Programme Appraisal Team (PAT). The Combined Authority will develop a reporting framework to enable easier comparisons across reports.

- Disseminate – a dissemination strategy will be developed and delivered with the assistance of the Authority's Communications Team.

3.5 –POLICY AREA CONSIDERATIONS

As outlined in Section 2.3, the Combined Authority has analysed the number of interventions, and their value across 6 policy areas. The graphic below shows the relative number of interventions in these policy areas.



It is suggested that the Combined Authority develops a logic model for each of the six areas, or variants of them to reflect the Local Industrial Strategy. A number of evaluation considerations for each policy area are provided below.

Clean energy and economic resilience:

Percentage of Combined Authority schemes:	4%
Percentage of overall Combined Authority investment:	2%

- Consider developing ideal menu of outputs, outcomes and impacts for this policy area that reflect the Combined Authority's aims and the nature of individual interventions. Consult with existing schemes over the possibility of adopting the most relevant metrics from the menu.

- Adopt best practice in terms of carbon reduction measurement, with reference to utilising established indicators and benchmarks. Ensure both the environmental and economic objectives of schemes are considered (and the balance between them).

- Consider commissioning research on how best to identify economic impacts from investment in this policy area and use this to inform evaluation approach.

Enterprise Zones:

Percentage of Combined Authority schemes:	4%
Percentage of overall Combined Authority investment:	3%

- The benefits of investing in Enterprise Zones will be witnessed over long time periods – typically over 10 to 30 years. This is particularly true where the Combined Authority is investing in enabling works. Evaluations of investment in this policy area therefore need to reflect the long benefit profile and may usefully be structured to review progress and impact at 5 year intervals.

- Common direct outputs from investment in this policy area include hectares of land remediated and provision of infrastructure. The indirect outcomes may include number of businesses that relocate and expand along with the creation of new jobs. The Government impact area approach for Growth Deal allows for the reporting of these indirect outcomes. The design of evaluations in this policy area needs to allow for direct and indirect outputs and outcomes.

Growing business:

Percentage of Combined Authority schemes:	2%
Percentage of overall Combined Authority investment:	6%

- Consider segmenting policy area by over-arching policy objectives. For example, business start-up and business growth could helpfully be separated. These two policy objectives are quite different to inward investment for example, and require different evaluation objectives and research questions.

- Consider developing a menu of standardised beneficiary survey questions to ensure the collection of consistent data. This will enable more effective comparisons between interventions within agreed policy objectives. For example, adopting a consistent approach to collecting data to calculate Gross Value Added (GVA) within the business growth policy objective would be valuable.

- Consider establishing a counter-factual cohort for each policy objective that could be used in evaluations. This approach is likely to deliver economies of scale.

Housing & regeneration:

Percentage of Combined Authority schemes:	6%
Percentage of overall Combined Authority investment:	3%

- Consider segmenting the policy area by individual policy objectives as housing schemes may have a much narrower focus than regeneration schemes. The nature of direct outputs can also vary significantly between housing and regeneration schemes.

- Public realm schemes may deliver few direct economic benefits and require careful evaluation to reveal benefits which may include changes in perception about the quality of the environment, and increased private sector investment. These wider benefits are likely to emerge over a long time period and as with Enterprise Zones, it may be appropriate to consider 5 year intervals as part of a long-term evaluation.

- Ensure a consistent approach between appraisal and evaluation on calculating and evidencing the funding gap for housing schemes.

- At present it is necessary to use a land value uplift calculation to inform the creation of Benefit Cost Ratio (BCR) during the appraisal of housing schemes (see the MHCLG guidance here). The Industrial Strategy provides some indication that appraisal methods will in future be required to take account of a 'rebalancing toolkit', to address the fact that the benefits of investment cannot necessary be measured in narrow land value terms across all parts of the country.

Skilled people and better jobs:

Percentage of Combined Authority schemes:	4%
Percentage of overall Combined Authority investment:	5%

- Consider segmenting this policy area to reflect the breadth of the Combined Authority's objectives. For example, the aims and outputs from capital investment in Further Education buildings are quite different to the establishment of support for apprentices.

- Skills capital projects will require consideration of the construction and/or refurbishment costs, and the costs for equipment. This needs to be assessed in addition to the

costs/impacts arising from delivering skills training.

- Consideration should be given to differentiate between projects enabling people to access available jobs and those enabling people to access better jobs and/or be more productive. Impacts arise both for individuals (skills, wages) and for businesses (productivity).

Transport:

Percentage of Combined Authority schemes:	80%
Percentage of overall Combined Authority investment:	82%

- The Department for Transport's (DfT) 'Guidance for transport impact evaluations' (2010) highlights that one of the chief challenges in transport evaluations is demonstrating that the observed outcomes and impacts have been caused by the intervention, confidently ruling out the influence of external factors. It is important to determine whether an outcome, experimental or theory-based approach will be most effective for the particular intervention, programme or policy that is subject to evaluation. Please see Appendix 1 for more information on these three impact evaluation approaches.

- Consideration should be given to differentiating between projects which directly enable economic activity (unlocking/ servicing sites) and those which may have a less direct relationship with economic benefits (e.g. reduced congestion, shorter journey times). It will be more straightforward to demonstrate cause and effect in the former. However, care should be taken not to double count impacts from the transport investment and from direct investment in sites/premises.

- For non-road projects, there will be distinctions between investments that relate to infrastructure quality improvements (e.g. facilities) and those that improve services (journey time savings). It will be more straightforward to establish the economic impacts where there are tangible benefits to individuals and businesses.

3.6 – LOGIC CHAIN, SURVEY AND COUNTER-FACTUAL GUIDANCE

This section outlines good practice that staff at the Combined Authority and LEP can draw on when developing or reviewing logic chains, and when establishing a counter-factual position.

3.6.1: Developing a logic chain:

i) Identify the issue - confirm the challenges and / or opportunities that require intervention. A literature review of the factors that may be influencing the challenges and or opportunities should be undertaken, and examples of evaluations of similar interventions sought. See What Works Centre for Local Economic Growth [https://whatworksgrowth.org/] for evaluations of similar activity.

ii) Identify the outcomes and overall impact sought – for planned impacts: what is the intervention aiming to achieve in the long-term; what single measure would best reflect the intervention's overall aim; and, what national or local policy objectives will this intervention address? For outcomes: what is the intervention seeking to achieve in the short to medium-term? Examples could include less congestion for transport projects; more businesses for start-up schemes. How would you know whether the intervention was 'on course' to achieve the planned objectives? What kind of changes (in terms of individual behaviour, or in the organisations involved) would be expected as a result of intervention activities?

iii) Develop the steps required to *deliver* the outcomes and impact - for inputs, investigate the level of resource similar interventions have had and ask: what financial resources are required to effectively implement the intervention? For activities, review any similar interventions and in particular and identify process evaluations which assess which activities are most important in achieving the objectives. Ask: What output framework exists for the funding source, and which pre-set outputs are most relevant? What participation will directly result from the intervention (who will be reached), and what kind of response will people need to have to the intervention if it is to be successful?

iv) Test the steps in the logic chain and the causal logic – and ask: why is the proposed objective and aims the most appropriate response to the challenges and / or opportunities identified in the context? Do the chosen activities reflect best practice? Why do you believe that they will address the objectives and lead to the forecast outputs? Can you clearly articulate why the activities will ultimately lead to the outcomes? What might get in the way of specific activities leading to the forecast outputs and outcomes?

Example of testing the logic chain

A job training scheme to provide placements for long-term unemployed people in companies where they can gain marketable skills and qualifications. The scheme aims to increase the number of interviews and job offers the participants receive, thereby increasing the number in jobs and their incomes. There might ultimately be a reduction in overall unemployment.

Example questions at each stage:

Link (1). How were people recruited onto the scheme? What proportions were retained for the duration of their placement? For how long had they been unemployed before starting?

Link (2). What change was there in participants' skills and qualifications?

Link (3). What are the type and number of job offers obtained, and the characteristics of those participants obtaining them? Are there any improvement in skills contributed to participants gaining those interviews and job offers?

Link (4). What is the increase in the number and type of jobs, and the incomes of participants? Has the scheme generated genuinely new jobs, or have participants simply taken jobs that would otherwise have been offered to others?

Link (5) might include whether the scheme made any contribution to overall employment levels, either locally or nationally, taking account of economic conditions and trends. There might also be some attempt to measure the impact of the scheme on local economic performance.

3.6.2: Good practice in questionnaire design:

The key to effective questionnaire design is knowing exactly what you want to find out. Questions need to be linked to the intervention's objectives and forecast outputs and outcomes. The purpose, structure, wording and layout of questionnaires influence the response rate.

Purpose:

A questionnaire is only as good as the questions it contains, so ask yourself what you will do with the information that each and every question yields. If you are unsure of the answer, consider removing the question. Prioritising items in this way will help ensure that you make the most of the questionnaire.

Structure:

A questionnaire should always start with a brief sentence or two explaining the purpose of the questionnaire and what the data will be used for. As a rule, questions should move from the general to the specific.

Question types:

Consider whether you will use closed (multiple choice) or open-end questions (where the respondent uses their own words to respond). Closed questions are quicker and easier to answer, and the data is already sorted into categories. However closed questions do not provide depth of information nor do they take account of responses which you had not anticipated.

Open-ended questions are more time-consuming and difficult to answer. Respondents will usually require some encouragement to give more than one-word answers and the interviewer needs to accurately record what was said. Analysing this data is more time consuming as answers need to be sorted into categories. However open-ended questions provide much richer data and give respondents the opportunity to properly explain their feelings and ideas.

Wording and layout:
Think about your wording to minimise bias in the questionnaire and avoid leading people to answer one way or another. Your questionnaire should be long enough to allow you to collect the information you need, but not so long it puts people off completing it.

Delivery:
Placing a questionnaire online can be a cost-effective approach if you have email addresses for the intervention's beneficiaries. There are some providers of free basic survey software that can be used for very short questionnaires.

3.6.3: Establishing the counter-factual:

The guidance below has been adapted from advice provided by the What Works Centre for Local Economic Growth (https://whatworksgrowth.org/) .The Centre is focused on increasing the levels of understanding in terms of what really works in different policy areas. The identification and analysis of good quality evaluations is a central part of this.

The guidance below reflects the high standards they place on being able to effectively attribute the net impacts from an intervention to the assumed beneficiaries.

What is it?
The construction of a valid counter-factual is used to establish causality. By causal impact, we mean the difference between the outcome for individuals 'treated' in a programme, and the outcome they might have experienced without it. The counter-factual is therefore i.e. what would have happened to programme 'participants' (individuals, firms or areas) had they not been treated under the programme.

How is it measured?
A standard approach is to create a counter-factual group of similar individuals, firms or areas not participating in the programme being evaluated. Changes in outcomes can then be compared between the 'treatment group' (those affected by the policy, sometime called the 'intervention case') and the 'control group' (those not affected by the policy, sometimes called the 'reference case').

We can also choose similar groups and give them different treatments to assess what works better e.g. selecting two similar types of business and offering some mentoring support (more expensive) and others online materials (less expensive advice).

How to choose a control group?
The central idea is to make sure that the groups compared are similar. By choosing two similar groups (aside from the 'treatment', or intervention, or policy being evaluated) the counter-factual helps address concerns that other factors might be driving changes for participants in a programme. These other factors might be 'external' to the programme (for example, the intervention is offered to struggling areas,) or they might be 'internal' (e.g. only certain types of firms choose to take part in a business advice programme).

Assessing the Counter-factual Challenge: Selection Bias

A key issue in creating the counter-factual group is dealing with the 'selection into treatment' problem, or selection bias. Selection into treatment occurs when participants in the programme differ from those who do not participate in the programme.

An example of this problem for access to finance programmes would be when more ambitious firms apply for support. If this happens, estimates of policy impact may be biased **upwards** because we incorrectly attribute better firm outcomes to the policy, rather than to the fact that the more ambitious participants would have done better even without the programme.

Selection problems may also lead to **downward** bias. For example, firms that apply for support might be experiencing problems and such firms may be less likely to grow or succeed independent of any advice they receive. These factors are often unobservable to researchers.

Approaches to Assessing the Counter-factual: Randomisation

Evidence of this type is the highest quality of evidence and is considered the 'gold standard' for policy evaluations and is called randomisation control testing (RCT).

Randomisation, properly applied, means there is no selection into the treatment. This ensures that there are **no differences** between the treatment group (the one subject to the project, programme or policy) and the control group either on observable (e.g. age) or unobservable (e.g. ability) characteristics. Any difference post-treatment (post intervention) must therefore be an effect of the treatment (i.e. the project, programme or policy).

There are five key steps:

The original programme applicants are pre-screened on eligibility requirements (pre-project or intervention).

Second, a lottery (computer randomisation) assigns a percentage of the eligible applicants (usually 50%) to the control group and the remainder to the treatment group (the intervention group).

Third, baseline data is collected (either from an existing data source or from a bespoke 'baseline' survey).

Fourth, the treatment (intervention, project, programme) is applied.

Fifth and finally, data is collected sometime after the treatment (again, either from an existing data source or a bespoke 'follow–up' survey).

In order to be fully robust, the randomisation a) must be successful (and tested via balancing tests); b) take account of attrition (drop-out) and; c) the control group must not be influenced by, or contaminated, by the treatment group.

Approaches to Assessing the Counter-factual: Difference-in-Difference

The Difference-in-Difference method compares a treatment and control group **before and after** treatment. More specifically, the treatment effect is calculated by first evaluating the change in the outcome variable for the treated group, and then subtracting the change in in the control group over the same period.

In Difference-in-Difference approaches, the control group provides the counter-factual growth path i.e. what would have happened in the treatment group had it not been treated. This is much better than a simple before and after treatment comparison, because it accounts for the fact that changes in outcome can be due to many different factors and not just the treatment effect.

Moreover, because Difference-in-Difference subtracts the differences between treatment and control both before and after the treatment, it effectively controls for any unobserved, time-invariant differences between the two groups.

The approach does not however account for **unobservable** differences between the two that vary with time.

For good Difference-in-Difference analysis it must be credibly argued that the treatment group would have followed the same trend as the control group. Secondly, there must also be a known time period for treatment so that the groups can be compared before and after the treatment.

CONCLUSIONS

As outlined in this Strategy, West Yorkshire Combined Authority and Leeds City Region Local Enterprise Partnership (LEP) are currently investing around £2 billion, working with partner councils to deliver better transport and housing, regenerate towns and cities and protect the environment, making sure that the needs of communities are met.

The Combined Authority operates in a complex environment, with major funding programmes at different stages in the lifecycle. It is inherently challenging to allocate sufficient resource to the various stages of the lifecycle with funding programmes operating over different timescales.

The Combined Authority also has a wide-ranging policy remit which includes business support, investment in skills and transport. As outlined in Section 2.3, transport is a major policy area and accounts over 80% current investment. Whilst many of the Combined Authority's investments in interventions deliver direct economic, environmental and social benefits, some schemes primarily deliver long-term benefits and do so over decades rather than years.

The policy agenda is also fast moving and responsive. A relevant example is the Combined Authority's acknowledge of a climate emergency which has led to actions including the commissioning of research to help identify how climate change and carbon considerations can be made central to all the Combined Authority's efforts.

As a significant investor of public funds, The Combined Authority is committed to evaluating the effectiveness of its activities in order to understand how they were implemented, whether they represent value for money, and what effects they have had, for whom, how and why. This Strategy makes best efforts to account for the complex operating environment and wide-ranging policy agenda, and provide a structure for evaluation. The Strategy acknowledges the close relationship between stages in the ROAMEF cycle in general, and between appraisal and evaluation in particular.

As detailed in Section 3.3, the Combined Authority will design, conduct or commission evaluations at either: project; programme; or, policy / fund level. There will be occasions where individual interventions will not be subject to evaluation because the resources required will not be matched by appropriate benefits. This may be the case for example where an intervention is well-established and has been subject to robust evaluation in the recent past.

This Evaluation Strategy reflects consultation with staff across the Combined Authority and builds on good practice that is occurring. A series of principles guide how evaluations will be delivered in practice. These include ensuring that evaluation planning is an integral part of developing the business case; that evaluation efforts are proportional to the intervention's scale and complexity; and, that evaluation data and findings are disseminated effectively. The evaluation principles will inform efforts to increase evaluation capacity and capability including the formation of a dedicated evaluation team, and new governance arrangements.

The Combined Authority and LEP will review this Strategy every year and will update it to reflect the latest national guidance on evaluation and changes to funding and activity in the City Region.

West Yorkshire Combined Authority

Corporate Risk Management Strategy

January 2020

West Yorkshire Combined Authority

Document History

Version	Comments	Date
0.1	First draft for approval 06/10/17	September 2017
0.2	CT Amends	October 2017
0.3	LP Further Amends	October 2017
0.4	LP amends following LT/Governance & Audit Committee feedback	November 2017
0.5	LP amends following consultation with DPO and to include Internal Audit recommendations	May 2018
0.6	GL amends Risk Register hyperlink and information on Regulatory and Compliance Board	Feb 2019
0.7	GL makes updates to document to include recommendations of Internal Audit	May 2019
1.0	Draft refresh for consultation	October 2019
1.1	GL makes updates to document to include recommendations of Internal Audit	November 2019
1.2	GL incorporates feedback on risk v issue, escalation, risk culture, information governance	November 2019
1.3	GL further amends - LEP Board and Section 73 Chief Finance Officer	December 2019
1.4	GL incorporates feedback from SMT	December 2019
1.5	GL updates hyperlinks	December 2019
1.6	Approved by Governance and Audit Committee	January 2020

1. Policy Statement

1.1. Risk management is a planned and systematic approach to the identification, evaluation, prioritisation and control of risks and opportunities facing an organisation, and to establish and maintain an appropriate risk appetite with proportionate boundaries and tolerances.

1.2. The West Yorkshire Combined Authority recognises that effective risk management is an integral part of good corporate governance and as such should be a part of everyday management processes across the organisation. The Combined Authority is committed to ensuring robust risk management arrangements are in place and operating effectively at all times.

1.3. The Senior Leadership Team (SLT) will champion risk management by ensuring that appropriate arrangements are maintained, monitored and controlled. This is demonstrated by the appointment of the Director of Corporate Services as the Combined Authority's Senior Information Risk Officer (SIRO), to reinforce to all employees the importance of compliant and effective information management and governance. The Director of Corporate Services is the nominated organisation's Risk Champion at SLT level.

1.4. The LEP has agreed that the Combined Authority will manage risks on the LEP's behalf, through the section 73 Chief Finance Officer.

1.5. This strategy clearly sets out the roles and responsibilities of the day to day management of the risks affecting the Combined Authority.

1.6. The Combined Authority commits to:

- Use a structured and consistent risk management approach to focus discussion, prioritise resources and enable justifiable risk-taking.
- Ensure that risk management is applied in a scalable and proportionate way.
- Make the best use of management information to build a complete picture of the key risks and issues and to jointly report on risk and performance management.
- Ensure risks are owned and managed in line with the organisation's commitment to outcomes-based accountability.
- Listen to feedback and regularly review our risk management arrangements to make sure they are still fit-for-purpose.
- Ensure that all risks are managed at the most effective and practical managerial level.

2. Achieving Effective Risk Management

2.1. This will be achieved by:

- Embedding clear risk management roles and responsibilities and formal risk reporting lines.
- Integrating a process for continuous review of risks, including proactive management and monitoring of mitigating actions.

- Incorporating risk management into the Combined Authority's decision-making arrangements.
- Applying principles of risk management to budget and project planning processes.
- Actively involving elected members in the risk management process.
- Regularly monitoring and reviewing our risk management arrangements to ensure they remain effective and comply with risk management standards, legislation and good practice.
- Establishing a network of champions and coordinators across the organisation to embed best practice and promote the Corporate Risk Strategy.
- Incorporating embedding risk management into the annual business planning process and incorporating risk actions into individual performance reviews.
- Providing relevant and easy-to-use risk management guidance and information, based on industry best practice.

3. Benefits

3.1. Risk management is acknowledged as an integral part of good management and a key feature of corporate governance. Effective risk management works alongside our financial management, performance management, annual business planning process and other elements of strategic and operational management to demonstrate transparency and accountability and to support the successful delivery of the commitments laid out in our Corporate Plan.

3.2. Effective risk management is a continuous process which enables us as an organisation to effectively prioritise and manage both the threats and opportunities to our ability to deliver on our commitments. By embedding a standardised approach to risk management, we are able to more efficiently prioritise resources, implement effective and proportionate controls to threats, and exploit commercial or collaborative opportunities. To achieve this, risk management should be a fundamental consideration of all decisions taken within the Combined Authority, at all levels of management.

4. Risk and Risk Management Definition

4.1. <u>Risk</u>
Whilst many definitions for risk exist, the definition used by the Combined Authority is as described in ISO 31000, as "the effect of uncertainty on objectives". This effect may be positive, negative or a deviation from the expected, and the risk is often described by an event, a change in circumstances or a consequence.

4.2. It must be noted that risks can be positive in consequence, as noted in HM Treasury Orange Book.

4.3. "Risk is most commonly held to mean "hazard" and something to be avoided. But it has another face - that of opportunity. Improving public services requires innovation - seizing new opportunities and managing the risks involved.

4.4. *Risk management covers all the processes involved in identifying, assessing and judging risks, assigning ownership, taking actions to mitigate or anticipate them, and monitoring and reviewing progress. Good risk management helps reduce hazard and builds confidence to innovate.*

-HM Treasury

Risk v Issue

4.5. Issues are events that have happened, were not planned, and are currently affecting the Combined Authority, service area, portfolio or project in which they sit. Risks, should they occur, become issues.

4.6. If a risk has materialised and become an issue, the risk will need to be re-assessed to consider whether there is a continuing threat it may occur again. If not, the risk can be closed and should be reported through the escalation and reporting routes described in section **9.6.** If within a project or programme managed by the Combined Authority, the issue should be recorded in an issue log (templates are available from the Portfolio Management and Assurance team).

5. Risk Appetite Statement

5.1. Risk appetite is the level of risk the Combined Authority is prepared to tolerate or accept in the pursuit of its strategic objectives. Our aim is to consider all options to respond to risk appropriately and make informed decisions that are most likely to result in successful delivery and deliver value for public money, whilst encouraging acceptable levels of risk-taking in pursuit of innovation and transformational change.

5.2. Despite mitigation, some risks can never be removed. The purpose of the appetite is to help the organisation prioritise categories of risks and to determine how to most efficiently divert resources into mitigating action.

5.3. The acceptance of risk is subject to ensuring that all potential benefits and risks are fully understood and that appropriate measures to mitigate risk are established before decisions are made.

5.4. As the Combined Authority is a multi-faceted organisation with a variety of functions, stakeholders and aims, a variable risk appetite has been set for the organisation depending on the area of risk to which it relates. The risk appetite has been set from 1 to 5, to align with the organisation's risk assessment matrix and allow easy comparison. In normal circumstances, if a risk is found to have a higher rating than the appetite allows for, mitigating action must be implemented to reduce the risk to a level within tolerance. For example, a risk relating to 'People and Culture' found to be 'High (4)', should be reduced at a minimum to 'Medium (3)' to fall within the organisation's appetite. Please be aware that there will always be risks which cannot be reduced to within acceptable levels. This is often the case if the risk falls beyond the control of the Combined Authority, or we have a statutory duty to deliver a service with a high level of inherent risk. In this case a discussion and decision to 'Tolerate' the risk must be taken. If, after relevant mitigation, a risk falls considerably outside the Risk Appetite, this may be grounds to consider the risk for escalation.

Risk Appetite Categories

5.5. The organisation's risk appetite is split into the following key categories:

5.5.1. **Legal Compliance and Regulation** – This refers to the Combined Authority's obligations to observe and uphold a variety of laws, statutes, conventions and regulations in relation to (amongst others): professional standards, ethics, bribery, fraud and information governance.

5.5.2. **Operational and Service Delivery –** The Combined Authority is a public body delivering a variety of services to the region. This refers to any risk arising from the nature of the Combined Authority's business and operations, for example, the risk of a failure to deliver expected services to customers, or to fail to provide the required quality in services.

5.5.3. **Finance and Resources –** the Combined Authority aims to maintain its long-term financial viability and its overall financial strength whilst aiming to achieve its strategic and financial objectives and to innovate in getting value for money, subject to the following minimum criteria:

- the Combined Authority is required to set a balanced overall revenue budget by February every year and Directors must then contain net expenditure within approved service totals;
- An appropriate level of unallocated general reserves, calculated in accordance with the approved risk-based reserves strategy; and
- Working within a set of Treasury management principles that seek to protect funds rather than maximise returns.

5.5.4. **Reputational –** This refers to the perception and reputation of the Combined Authority by its stakeholders, partners and staff.

5.5.5. **Transformational Change –** The environment the Combined Authority works in is continually changing through both its internal operations and the services it provides. This refers to any risk arising from change initiatives to enable the Combined Authority to best deliver on its long-term commitments to the region.

5.5.6. **Development and Regeneration –** the Combined Authority has a continuing obligation to invest in the development and regeneration of the region. A level of inherent risk exists to allow the Combined Authority to continue to be progressive and innovative in the delivery of this objective.

5.5.7. **Safety and Security –** This refers to any risk to the safety, wellbeing and security of the Combined Authority's staff, service users and stakeholders, as well as its physical assets, facilities and buildings.

5.5.8. **Environmental –** The Combined Authority has a responsibility to support the Leeds City Region in becoming carbon neutral by 2038. It also has a responsibility to safeguard the environment from undue physical damage or disturbance. This refers to any risk which may impact on these obligations.

Review

5.6. The Combined Authority's risk appetite statement is to be reviewed annually by SLT, Regulatory and Compliance Board, the Risk Coordinators and Governance and Audit Committee.

Table 5.1: Combined Authority risk appetite levels

	Low ↔ High Appetite					
	1	***2***	***3***	***4***	***5***	
Legal Compliance and Regulation	**1**					This is something for which the Combined Authority has no appetite for and expects minimal exposure to risk. Where it relates to a service which must be provided, significant controls must be in place.
Safety and Security	**1**					
Finance and Resources		**2**				There is a preference for what are deemed to be 'safe' options where there is a reduced degree of risk. Good controls are expected to be in place where risk remains.
Reputational		**2**				
Environmental		**2**				
Service Delivery and Operational			**3**			The Combined Authority accepts a level of risk may remain in the delivery of services in pursuit of our corporate priorities. The chosen option must present a healthy level of reward in relation to the risk faced.
Transformational Change				**4**		This is an area in which the Combined Authority has an increased appetite for risk. More uncertainty can be tolerated in seeking opportunities for improvement, commercialisation or innovation.
Development and Regeneration				**4**		

6. Risk Management Approach

Risk Registers

6.1. The Combined Authority collates risks into the following registers. These can be summarised as follows:

- **Corporate Risk Register** – contains the main on-going or long-term risks to the Combined Authority and its strategic objectives on an organisational. These

risks are owned and managed by the Senior Leadership Team, the register is updated and reported on by the Transformation and Performance Team.

- **Directorate Risk Register/s** – contain risks specific to the business plans, processes and operating environment for each directorate. These risks are managed by Directors and their Heads of Service. Risks within Directorate Risk Registers can be escalated to the Corporate Risk Register through Senior Management Team.
- **Service and Team Risk Register/s –** contain risks specific to the operations and processes of delivering services within each team. These risks are managed by the relevant Head of Service and Team Managers. Risks within Service and Team Risk Registers can be escalated through Directorate Management Teams.
- **Compliance Risk Registers –** registers such as the Health and Safety risk register and the Information Governance risk register contain risks which are cross-organisational but focus around one particular risk type. Whilst these are updated and monitored by corporate teams to ensure overarching risks are managed through appropriate policies and procedures, operational risks are owned by the individual teams and service areas in which the risk exists, and the implementation of specific controls must be carried out by these teams at the local level. Risks within these registers can be referred to another relevant register by the DPO, Health and Safety Business Partner, or the Regulatory and Compliance Board.
- **Portfolio Risk Register/s** – contains risks specific to the portfolio of funding programmes. These risks are managed by the Portfolio Management Group. Risks within the Portfolio Risk Register can be escalated to the Corporate Risk Register by the Portfolio Management Group.
- **Funding Programme Risk Register/s** – contains risks specific to each of the Funding Programmes that the Combined Authority is responsible for. These risks are managed by the relevant Programme Funding Group. Risks within Funding Programme Risk Registers can be escalated to the Portfolio Management Risk Register by the relevant Programme Funding Group.
- **Project and Programme Risk Register/s** – contain specific risks related to individual projects and programmes and are owned by project and programme managers with oversight from the relevant Head of Service. Risks within these registers can be escalated to the relevant Funding Programme Risk Register by the relevant Project or Programme Board.

6.2. Unless a project or programme is not sponsored by the Combined Authority, all risk registers must use the Risk Register Template available here.

6.3. All risk registers must be stored in line with our data and information governance policies available here, and made available to the Transformation and Performance Team or Internal Audit on request.

Inherent and Residual Risk

6.4. Inherent and residual risk (sometimes referred to as gross and net risk), refers to the level of the risk faced before any mitigating action (inherent/gross), and the remaining risk once all mitigation has been put in place (residual/net).

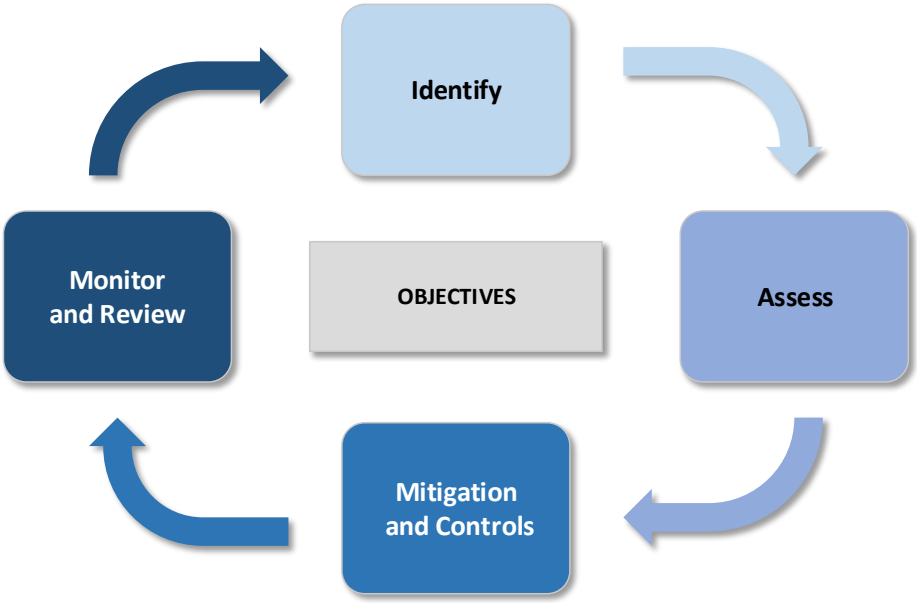
6.5. Our organisational risk register template focuses only on the residual/net risk, i.e. the risk that we are facing *as of this moment* taking into account all existing mitigating action. This is because the environment in which we operate is prone to circumstantial changes, and rarely will a risk have no existing controls or mitigation in place when assessing its rating.

6.6. The risk register template automatically populates the travel of a risk (the change in severity since previous review). Any risks substantially increasing in severity are likely to require more formal discussion and/or mitigating action.

Risk Management Process

6.7. The risk management process is broken down into 5 key steps below. The process is a series of logical steps to progress through, when managing any given risk.

6.8. The process is cyclical, and it is often necessary to revisit earlier steps and carry them out again to ensure you have a complete picture of the threats or opportunities to the activity or outcome you are assessing.



6.9. Further details on each of these stages, with a summary of recommended actions and outcomes, is provided in a 'Risk Management Process on a Page' document below. The full version can be seen on the following page.

6.10. Please note, risks which have passed or no longer exist should not be deleted. Risks should be marked as closed in the status column of the register, and greyed out. If a risk has changed substantially in nature it should be closed and a new entry added, rather than reworded.

Risk Culture

6.11. Effective risk management comes from a position of knowledge. Only by discussing risks can we as an organisation determine the correct action to take, and proactively managing risk events before they occur often saves significant time and resources than reactively managing issues. All managers and staff should strive to create an open and honest environment where the disclosure and discussion of risks is welcomed and encouraged.

6.12. Recognising and raising a risk does not indicate ownership of the risk to the staff member who raised the risk. Each area of the organisation has a responsibility to raise risks of behalf of the Combined Authority as a whole.

Risk Language

6.13. To help record and frame risks in a uniform way, the following standardised phrasing has been introduced into Risk Register templates and should be used. You should note: the reason for the risk occurring ("Due to…"); the risk itself ("There is a risk of…"); and the consequences ("Which may result in…").

Risk Management Process on a Page

Step:	1. Objectives *In order to effectively identify risks, clear objectives must be set and understood.*	2. Identify *Once objectives are understood, all threats and opportunities to achieving these must be identified.*	3. Assess *To prioritise the most serious risks, and consider the organisation's risk appetite.*	4. Mitigation and Control *To manage risks, mitigations must be put in place to reduce either their impact or likelihood.*	5. Monitor and Review *To ensure mitigations are implemented, and to record risks and track changes.*
Ask:	What are we trying to achieve? What outcomes will determine our success?	What will stop us achieving these objectives? (threat) What additional benefits could we exploit from this? (opportunity)	What is the likelihood of the risk occurring? What would the level of impact be if it happened?	What can we do about it? Who will be involved, and when can this be completed by?	Where do we record the risk? What if a risk has changed?
Do:	Objectives can be assessed depending on the circumstance: in the case of project management this might be through the outline business case. For a Directorate management team this might be from 1-year business plan objectives. Consider using: - Project or programme planning documentation - Outline business case - Corporate Plan - Annual business plans - Organisational values *Once key risks have been identified and assessed, business or project plans may need to be revised to incorporate planned mitigations.*	The following methods can be used to identify a range of risks: - SWOT analysis (Strengths, Weaknesses, Opportunities and Threats are considered). - PESTLE analysis (Political, Economic, Social, Technological, Legal and Environmental risks are considered). - Root cause analysis (include asking the question 'why?' five times to each concern, to deduce original cause). - Review lessons learnt logs - Horizon scanning and benchmarking Refer to our organisation's risk prompt list on the Risk Register Template to see additional key categories of risks and opportunities to consider. Group workshops can be particularly useful to identify the widest range from all stakeholder viewpoints. Once identified, duplicate risks can be combined, and owners assigned.	All identified risks must be scored on the organisation's 5x5 matrix (below), which provides an overall risk rating based on the likelihood and impact of a risk. Further guidance can be found within risk registers. Impact / Likelihood High, High, Very High, Very High, Very High Medium, Medium, High, Very High, Very High Low, Low, Medium, High, High V. Low, V. Low, Low, Medium, Medium V. Low, V. Low, V. Low, Low, Low Once each risk has an overall risk rating, this should be compared against the organisation's risk appetite.	There are 5 key ways to respond to a risk: - **Tolerate:** accept the risk at its current level (refer to the organisation's risk appetite). - **Treat:** Implement controls to reduce the likelihood or impact. - **Transfer:** insuring against the risk or passing responsibility (not always possible). - **Terminate**: avoid the activity entirely (not always possible). - **Take the opportunity:** to exploit an opportunity risk. The risk bow-tie template and guidance can help map and plan mitigating actions. *If mitigating action is assigned to someone other than the Risk Owner, this must be noted in the risk register*.	Enter all risks into the relevant risk register. If necessary start a new one with this template. For key actions and mitigations, consider including in the action owner's performance management reviews. Ensure that risk registers are reviewed with the following regularity: **Very High:** 1- 3 months **High:** 1 - 3 months **Medium:** 3 - 6 months **Low:** 6 - 12 months **Very low:** 6 – 12 months All risk registers should be reviewed in full at least annually. More guidance here.
Output:	Clear objectives which are easily understood	List of identified risks. Identified risk owners.	Risk ratings for all identified risks. Clearly defined high priority risks.	Mitigating actions and owners. Escalation if necessary. Risk 'bow-tie' analysis	Up to date risk registers. Structured reviews.

Risk Rating

6.14. Once each risk has been assessed for probability and impact, the overall risk rating is determined by considering both probability of the risk occurring and the impact it would have if it did occur. The scoring system is demonstrated by the following matrix:

Impact	1 Very Unlikely	2 Unlikely	3 Possible	4 Likely	5 Very Likely
5 Critical	High	High	Very High	Very High	Very High
4 Serious	Medium	Medium	High	Very High	Very High
3 Moderate	Low	Low	Medium	High	High
2 Minor	V. Low	V. Low	Low	Medium	Medium
1 Insignificant	V. Low	V. Low	V. Low	Low	Low

Likelihood

6.15. Further guidance on risk rating can be found within risk registers and in **Appendix 2.**

Risk Reviews

6.16. It is recommended that risks are reviewed with at least the regularity noted below. If the risks relate to a project or programme, reviews may need to be conducted more frequently as determined by the relevant project or programme Board. For more guidance on risk reviews, please see here.

Very High Risks	Review every 1 – 3 months
High Risks	
Medium Risks	Review every 3 – 6 months
Low Risks	Review every 6 – 12 months (consider very low risks for closure)
Very Low Risks	
Full Register Review	Review registers in full at least annually
New risks can be raised at any relevant management meeting, or in between formal review.	

7. Embedding Risk Management

Training and Awareness

7.1. All members of staff have a responsibility to understand and help implement the principles of the Corporate Risk Management Strategy. Only with a common understanding of risk management can we ensure that risks are communicated, managed and recorded effectively across the organisation.

7.2. To achieve this, it is crucial that all staff are confident in applying risk management principles and techniques, understand the principles contained within the Risk Management Strategy, and recognise the importance of risk management to good business governance and practice.

7.3. The Transformation and Performance Team provide a range of self-help resources to assist with effective risk management, predominantly through the Transformation and Performance intranet page. A risk toolkit and suite of guidance documents are available here. In addition to this, the team are available to support the delivery of focussed risk workshops and focussed 1-1 sessions with risk owners and managers. Staff will be kept up to date on developments and upskilling opportunities via notices on the intranet homepage, via Corporate Risk Management section of the intranet or through the Transformation and Performance Business Partners.

Risk Coordinators and Champions

7.4. In order to support the objective of embedding risk management across the organisation, a network of staff with increased risk management awareness and understanding is necessary. Identifying a small group of individuals with greater risk involvement will enable the efficient pooling of training opportunities, and provide a distinct forum for the discussion of risk activities and management.

7.5. Risk Champions will be established throughout the organisation. As colleagues with greater risk awareness they will act as exemplars for risk management and will promote and champion the Corporate Risk Strategy across the organisation. For maximum effect, Champions must be established at every managerial level of, with presence on every major committee or board within the organisation.

7.6. Supporting this will be a network of Risk Coordinators, with a minimum of one coordinator per Directorate. Risk Coordinators are responsible for updating the risk register for which they are responsible on a rolling basis, and reporting cross-Directorate risks to the Coordinators Group for consideration.

7.7. In certain areas of the organisation the role of Champion and Coordinator may be given to the same member of staff. Where this is not the case, they will be required to work together to ensure risks within their area of responsibility are recorded promptly and accurately.

Digitising Risk Management

7.8. To be effective, risk management must be embedded into day-to-day management, consuming the minimal amount of administrative time to effectively support the objectives of the business. To do this, we will endeavour where possible to automate processes using available technology, including automated notifications for escalations or reminders for risk reviews.

7.9. All registers, wherever possible, should be stored SharePoint, to assist with version control, automated notification, and user access management.

8. Programme and Project Risk

8.1. All programmes and projects must create, baseline and maintain a risk register. The format of these is to be determined by the sponsors. However, sponsors as a minimum are required to submit their key risks to the Combined Authority's Portfolio Management and Appraisals team (PMA) using the Risk Register template and included in the Expression of Interest and Business Case at the appropriate Decision Points, as part of any change request and as part of the Combined Authority's monitoring and reporting requirements.

8.2. All transport projects must also include a Quantified Risk Allowance (QRA) at Decision Points 3, 4 and 5 of the Assurance Framework (Outline Business Case, Full Business Case and Full Business Case with Finalised Costs). The probability value will be agreed with the Combined Authority. It would typically be expected that the Promoter would include either the P50 or P85 value. The value would be decided by the Promoter in association with the Combined Authority and would depend on local circumstances associated with the project.

8.3. Non-transport projects must include a costed risk register, which can be in a simpler form, which must be agreed with the Combined Authority.

8.4. The QRA / Costed Risk Register amount will <u>not</u> be held by the Combined Authority and therefore will <u>not</u> be managed at portfolio level, but will be managed by the programme and / or project and included in the funding agreed and detailed in the funding agreement between the Combined Authority and the Promoter. It will be the responsibility of the Promoter to manage the QRA. It is also the responsibility of the Promoter to advise the Combined Authority through the Combined Authority monitoring and reporting requirements on the status of the QRA amount.

9. Risk Escalation and Reporting

9.1. Formal processes have been established for transferring, escalating and de-escalating risks between register, which are detailed in the following table.

9.2. A network of Risk Coordinators and Risk Champions has been established to provide support and advice on escalation and on the correct areas to manage each risk, and how to recommend risks for consideration on other registers.

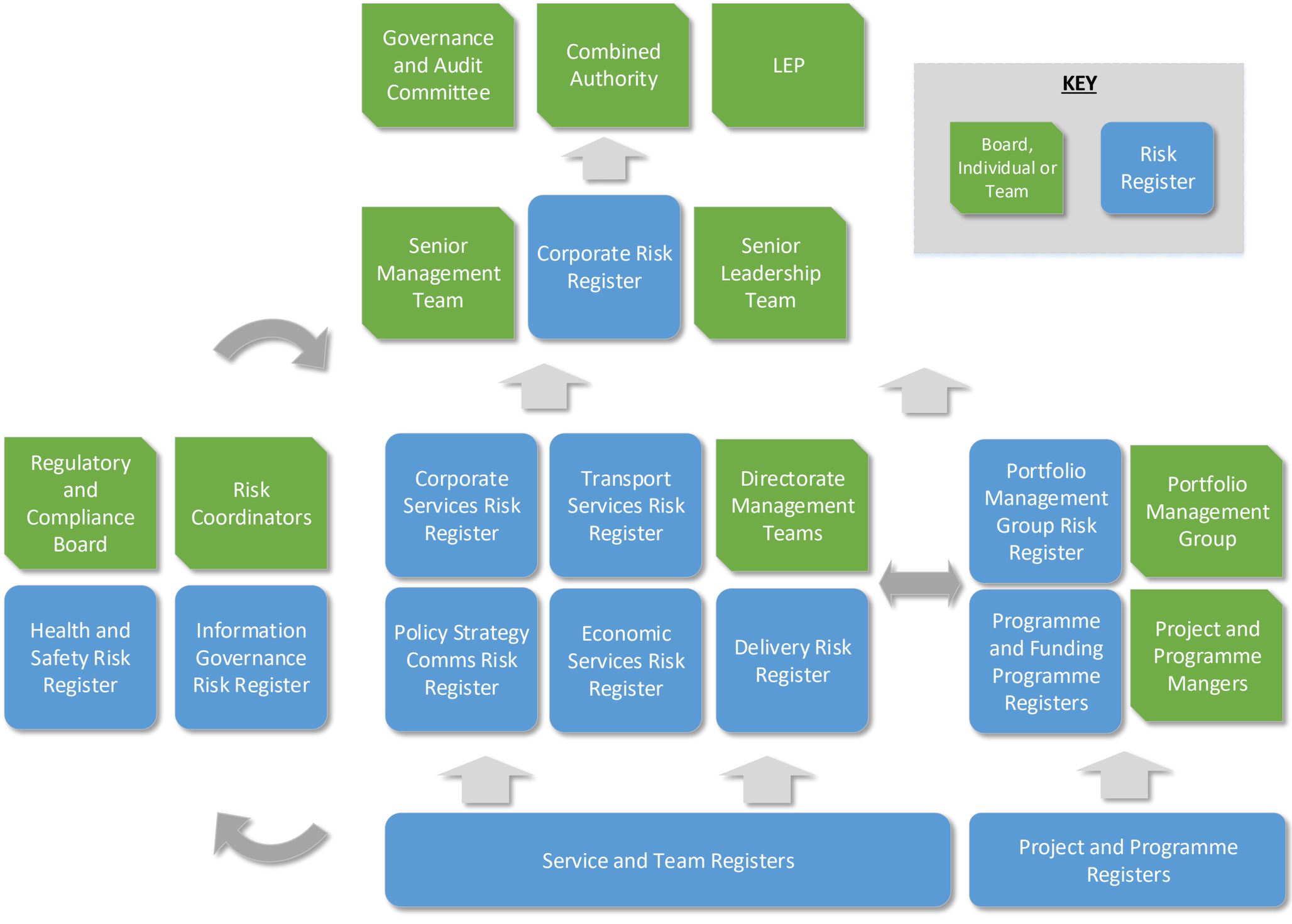
9.3. There are a number of ways a risk can be reported, such as:

- A verbal report to a line manager
- By e-mail, or writing to a relevant colleague
- Raising the concern in your own team meeting or asking your line manager or Head of Service to raise it in a relevant management meeting
- please remember you don't have to wait for a meeting to raise a risk……

9.4. If you are aware of a risk and unsure who to raise it with or how and where to record it, please speak to a relevant line manager, your area's Risk Coordinator

or the Transformation and Performance Team. Any risks which are rated very high must be considered for escalation by the owners of that register.

9.5. The formal routes for risk escalation and reporting are summarised by the diagram below



9.6. Additional detail on escalation and reporting arrangements is provided in the table below *(T+P Team refers to the Transformation and Performance Team, **R+C** refers to **Regulatory and Compliance Board**, **CRR** refers to the **Corporate Risk Register**, **PMA** refers to **Portfolio Management and Appraisal Team**, **PMG** refers to **Portfolio Management Group**).*

Risk Register	Owned/ updated by	Escalates to	Reporting and review	Assurance/ oversight by
Corporate	• Owned by SLT • Updated by T+P Team	Risks from the Corporate Risk Register can be de-escalated by **SLT** to **Directorate, Service or Team** risk registers. *A risk on the Corporate Risk Register may have iterations on Directorate register to ensure appropriate management at the relevant levels.*	Reported to every Combined Authority and LEP Board meeting through a performance snapshot provided by the T+P Team. Routine updates provided quarterly to SMT and SLT by T+P Team, urgent updates reported via standing agenda items.	• SMT • T+P Team • Risk Coordinators
Directorate	• Owned by DMT • Updated by Risk Coordinator	Directorate risks can be escalated to the **Corporate Risk Register** through the standing item on **SMT or SLT agenda**, or via the **T+P Team**. Risks to any other Risk Register can be recommended through the **Directorate's Risk Coordinator** or through the **relevant management team**.	DMT to review registers in line with recommended timescales (see section **6.16**) Individually assigned risk actions to be incorporated into and reported through 1-1s and performance reviews.	• R+C Board • SMT • T+P Team
Information Governance	• Owned and updated by Regulatory Lawyer and Data Protection Officer	IG risks can be escalated to the **relevant service or team** by the **IG team** or **R+C Board**. Significant organisational risks can be referred to Corporate Services DMT for consideration on **Corporate Services Risk Register** or escalation to the **CRR**.	IG risks reported to R+C Board through standing agenda item and through routine IG update.	• R+C Board
Health and Safety	• Owned and updated by Health and Safety Business Partner	Health and Safety risks can be escalated to the **relevant service or team** by the **Health and Safety Business Partner** or **R+C Board**. Significant organisational risks to be referred to Corporate Services DMT for consideration on **Corporate Services Risk Register** or escalation to the **CRR**.	Health and Safety risks reported to R+C Board through standing agenda item and through routine Health and Safety update.	• R+C Board
Service and Team Registers	• Owned by Head of Service or Team Manager • Updated by Risk Coordinator or Team Member	Service and Team level risks can be escalated to the **relevant DMT** by the **Risk Coordinator** or **Team Manager** from that service or team.	Service and Teams to review registers in line with recommended timescales (see section **6.16**) Individually assigned risk actions to be incorporated into and reported through 1-1s and performance reviews.	• Relevant DMT • Risk Coordinators
Portfolio Risk Register	• Owned and Updated by Portfolio Lead (Monitoring and Reporting)	Significant changes to be reported to **PMG** and **Director of Delivery.** Portfolio risks can be escalated to the **Delivery Directorate Risk Register** and/or the **CRR** by the **Director of Delivery**, through the standing item on **SMT or SLT agenda**.	Bi-monthly review by the Portfolio Management Group.	• Delivery DMT
Funding Programme	• Owned and updated by Officer delegated by Funding Programme Board	Funding Programme Risks can be escalated to the **Portfolio Risk Register** via the **PMA.**	Funding Programme risks reported to the relevant Funding Programme Board through scheduled meetings.	• PMG • PMA
Programme	• Owned and updated by Programme Manager	Significant changes to be reported to the relevant **Funding Programme Board** and **Senior Responsible Owner (SRO).** If changes affect the funding programme risk register, **SROs to report to Funding Programme Board.**	Programme risks reported to the relevant Programme Board through scheduled meetings.	• Finding Programme Board • PMA
Project	• Owned and updated by Project Manager	Significant changes to be reported to the relevant **SRO**. If significant, **SROs** to report to relevant **Programme Board.** If the project is not part of a programme, if changes affect the funding programme risk register, **SROs** to report to **Funding Programme Board**	Project risks reported to the relevant Project Board through scheduled meetings.	• Programme Board – if N/A then Funding Programme Board

APPENDIX 1 – RISK MANAGEMENT ROLES AND RESPONSIBILITIES

Group	Responsibilities
Combined Authority Members	• Reviews the Corporate Risk Register each meeting through a performance update
Governance and Audit Committee	• Responsible for seeking adequate assurance that risk management responsibilities and processes within the Combined Authority are fit for purpose.
LEP Board	• Agree with the Section 73 Chief Finance Officer the budget risks facing the LEP, at the beginning of the financial year • Reviews the Corporate Risk Register each meeting through a performance update
Senior Leadership Team	• Approves the Risk Management Strategy • Reviews the Risk Management Strategy annually • Owns and reviews the Corporate Risk Register • Reviews any risks escalated to the Corporate Risk Register
Senior Management Team	• Reviews the Corporate Risk Register quarterly
Regulatory and Compliance Board	• Reviews risk management arrangements and the management of significant organisational risks. • Considers new areas of risk to which the Combined Authority is exposed, the management of these risks, training in risks and awareness of risks across the organisation. • Reviews progress on the internal audit plan, ensuring any emerging risk issues are appropriately addressed • Reviews Health and Safety and IG risks which need to be escalated to the Corporate Risk Register
Directorate Management Teams	• Owns the Directorate Risk Register • Reviews Directorate Risk Register and escalates significant risks to the Corporate Risk Register

Group	Responsibilities
Portfolio Management Group and Programme Funding Groups	• Owns their Risk Register • Significant changes to be reported to the relevant Senior Responsible Owner (SRO) • If changes affect the funding programme risk register, SROs to report to PMA team
Project, Programme and Service Managers	• Owns individual project, programme and service risk registers • Significant changes to be reported to the relevant SRO • If project changes affect the programme risk register, SROs to report to relevant Programme Board • If the project is not part of a programme, if changes affect the funding programme risk register, SROs to report to PMA team
Transformation and Performance Team	• Updates and administers the Risk Management Strategy and the Corporate Risk Register • Prepares risk and performance reports for SMT, SLT, the Combined Authority, LEP and Regulatory and Compliance • Reports to Governance and Audit Committee on risk matters as required • Coordinates training and awareness raising activities
All CA Staff	• Consider the risks to the achievement of their team's objectives and the Combined Authority's priorities. • Ensure that any risks which they cannot manage or that have a cross-cutting impact are escalated to their managers. At a Head of Service level, this may mean adding the risks to the directorate risk register. At a directorate level, this may mean escalating a risk to the Corporate Risk Register.
Internal Audit (3rd line defence)	• Uses risk management techniques in its audit processes • Considers the corporate risk register when developing its audit plan.
Risk Champions	• To be familiar with and champion risk best practice, in line with the Corporate Risk Management Strategy • To ensure any risks raised when the Risk Coordinator is not present, are communicated to them for addition into the relevant risk register.

Group	Responsibilities
Risk Coordinators	• To update the risk register of the team or area which they are responsible • To escalate and report risks to other Risk Coordinators.
SIRO	• Champion risk-based information governance. • Ensure sufficient resources are made available to manage risks to information governance.
DPO	• Advise the Combined Authority of its information risk obligations, monitor compliance and raise awareness. • Report information risks to the Senior Information Risk Owner (SIRO).
Health and Safety Business Partner	• Ensure and embed a risk-based approach to Health and Safety across the Combined Authority
Section 73 Chief Finance Officer	• Responsible for ensuring the risk management strategy addresses risks arising in relation to LEP activity • Responsible for ensuring the process for the LEP board to oversee risk and escalation of risk analysis and risk management requirements within the LEP • Agree with the LEP board the budget risks facing the LEP at the beginning of the financial year

APPENDIX 2 – ASSESSMENT MATRICES

ASSESSMENT OF RISKS

Likelihood

If you're not sure about the percentage chance of a risk happening over a given timescale and you don't have the data to assess its frequency, use the probability descriptors (i.e. 'Very Unlikely', 'Possible' etc.) to determine the most suitable score.

The risk timescale – i.e. the period of time during which the risk could materialise - will vary according to the type of risk it is. For example:

- For a budget risk, it might be expected to materialise over this financial year or over the period of the Medium Term Financial Plan.
- For a project risk, it could be either over the whole of the project lifecycle or for a particular phase within the project.
- With regard to an event, the timescale will be from now until the date of the event.
- For a number of the more cross-cutting strategic risks such as those on the corporate risk register, it is likely that the risk could materialise at any time. When considering a Directorate or Corporate risk, this should be considered against existing and future business plans and any timescales indicated in these.

Likelihood Score	1	2	3	4	5
Likelihood Descriptor	**Very Unlikely**	**Unlikely**	**Possible**	**Likely**	**Very Likely**
It is…	Very unlikely to occur	More likely not to occur	Could occur at some point	More likely to occur than not	Very likely to occur
% Likelihood	Less than 5% chance	between 5% and 30% chance	Between 30% to 60% chance	Between 60% to 90% chance	More than 90% chance

Impact

Many risks could have a range of consequences: for example, a Health & Safety breach could affect an individual as well as lead to reputational and financial damage for an organisation. It's therefore possible that you assess the risk as having an impact of '3' using the Health & Safety impact, '2' for Finance and '4' for reputation.

Although you could break the risk down into several different risks covering all these areas and then score each of them to address the varying impact scores, often this can crowd a risk register and take the focus away from the actual risk 'event': i.e. the Health & Safety incident. Where possible, it's better to have 1 risk and use your best judgement to give an overall single impact assessment score. In the example above, this might be a '3' if you were to average the 3 impact scores or '4' if you decided to go with a worst-case scenario.

Impact Score	1	2	3	4	5
Impact Descriptor	**Insignificant**	**Minor**	**Moderate**	**Serious**	**Critical**
Projects / Programmes	Little or no schedule slippage. No threat to anticipated benefits & outcomes.	Minor delays but can be brought back on schedule within this project stage. No threat to anticipated benefits & outcomes.	Slippage causes delay to delivery of key project milestone but no threat to anticipated benefits / outcomes.	Slippage causes significant delay to delivery of key project milestone(s). Major threat to achievement of one or more benefits / outcomes.	Significant issues threaten entire project. Could lead to project being cancelled or put on hold.
Financial Impact	No or minimal financial cost.	Losses / costs incurred of 1-2% of budget.	Losses / costs incurred of 3-5% of budget.	Losses / costs incurred of 6-10% of budget.	Losses / costs incurred of more than 10% of budget. Not covered by insurance.
Reputation	No adverse publicity. Rumours.	Single adverse article in local media or specific professional journal. WYCA / Partner one of a number of agencies referred to.	A number of adverse articles in regional / social media mentioning WYCOMBINED AUTHORITY / Partner. Some recirculation via social media. Single request for senior officer / member to be interviewed on local TV or radio. Adverse reaction by LCR residents in social media / online forums. Short-term reduction in public confidence.	Series of adverse front page / news headlines in regional or national media. Wider recirculation via social media. Sustained adverse reaction by LCR residents in social media etc. Repeated requests for senior officer / member to be interviewed on local TV or radio. Long-term reduction in public confidence.	Sustained adverse publicity in regional media and / or national media coverage. Extensive / prolonged recirculation via social media channels. Repeated requests for Leaders / Chief Execs / WYCA MD to be interviewed on national TV or radio. Possible resignation of senior officers. Total loss of public confidence.

Service Interruption	Negligible. No impact on services.	Minor inconvenience for service users and staff. Services quickly restored.	Some client dissatisfaction but services restored before any major impacts.	Major disruption to service delivery. This could be through a single event or a series of outages.	Massive disruption to services. Recovery difficult or even impossible.
Staff	No impact on staff or service delivery.	Short-term low staffing level that temporarily reduces service quality. No impact on staff morale.	Medium-term low staffing level / insufficient experienced staff to deliver quality service. Some minor staff dissatisfaction.	Late delivery of key objective / service due to lack of experienced staff. Low staff morale.	Non-delivery of key objective / service due to lack of experienced staff. Very low staff morale.
Legal and Compliance	No or minimal impact or breach of guidance / statutory duty.	Minor breach of statutory legislation / regulation. Reduced performance rating if unresolved.	Single breach in statutory duty. Challenging external recommendations / improvement notice.	Several breaches in statutory duty. Enforcement action and improvement notices. Critical report. Low performance rating.	Multiple breaches in statutory duty. Prosecution. Complete systems / service change required. Severely critical report. Zero performance rating.
Health & Safety	No ill effects	Short-lived / minor injury or illness that may require First Aid or medication. Small number of work days lost.	Moderate injury / ill-effects requiring hospitalisation. Risk of prosecution from enforcement agencies.	Single fatality and / or long-term illness or multiple serious injuries.	Multiple fatalities and / or multiple incidences of permanent disability or ill-health.
Digital Security	No digital breach of systems or data.	Single breach of non-sensitive, non-business critical systems or data. Any loss quickly recovered and contained.	Single breach of data or systems which are operational or public-facing. Data recovered and contained.	Multiple breaches of data or system with limited ability to recover or contain the loss, or single breach of sensitive data or business-	Multiple breaches of one of more datasets including sensitive personal data, or sustained breach of business-critical or public facing systems,

				critical system.	with limited means of recovery
Environmental	Carbon neutral or negative output in comparison to alternatives. No adverse effects on air, land or water quality.	Low levels of carbon output. Minimal adverse effects on air or water quality to controlled geographic area.	Moderate levels of carbon output in comparison to alternatives. Some adverse effects on air or water quality to compact geographic area.	Noticeably higher levels of carbon output in comparison to alternatives. Noticeable adverse impact on air or water quality in wider geographic area/s.	Significantly higher carbon output in comparison to alternatives. Significant harmful effect on air or water quality to large or multiple geographic area/s.
Infrastructure	No effect on local infrastructure, communities or the environment.	Superficial damage to local infrastructure (e.g. minor road) but little disruption caused.	Medium damage to local infrastructure (e.g. minor road) causing some disruption.	Key elements of local infrastructure (e.g. school, major road) damaged causing major disruption.	Extensive damage to critical elements of local infrastructure (e.g. school, hospital, trunk road) causing prolonged disruption.

Appendix 5.4

West Yorkshire Combined Authority

Bus Reform PMO Handbook

July 2022: Initial Baseline, V1.0

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West Yorkshire Combined Authority

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Introduction to the PMO Handbook

West Yorkshire Combined Authority

The Bus Reform Programme Management Office (PMO) Handbook (this document) contains user-friendly guidance covering key PMO processes and tools required to support a robust programme management approach in relation to: Governance, Planning, Risk and Issue Management and Reporting.

Across the four sections below, this PMO Handbook defines the role of the PMO, focusing on providing a value-add capability to drive adherence to defined Bus Reform programme standards.

This initial baseline version (V1.0) was prepared in July 2022. The PMO Handbook should be viewed as a 'living' document. It will be owned by the Bus Reform PMO team going forwards and reviewed and updated regularly at key stages during the programme's lifecycle.

1. **Governance** – Guidance on the Bus Reform Programme's team structure, roles and responsibilities and monthly programme management meetings, including agenda guidance and the roles and responsibilities of the programme team at each of these.

2. **Planning** - Guidance on how the approach taken to determine the Bus Reform Programme's key milestones, critical path and dependencies, including the required standards and expected quality for developing and maintaining the programme plan across all workstreams and the ongoing reporting against this.

3. **Risk and Issue Management -** Guidance on how to identify, capture, monitor, review and escalate risks and issues, including the process to apply when assessing, mitigating/ resolving and reporting on programme risks and issues.

Governance

This section defines the governance required to enable the successful delivery of the Bus Reform Programme. It has been divided into the following sub sections:

Governance Structure

- This section defines the Bus Reform Programme's hierarchy and process for decision making through the Bus Reform Programme Board up to the Transport Committee and the Combined Authority.

Governance Roles & Responsibilities

- This section defines the role and responsibilities of the Senior Responsible Owner (SRO), Programme Manager (PgM) and PMO.

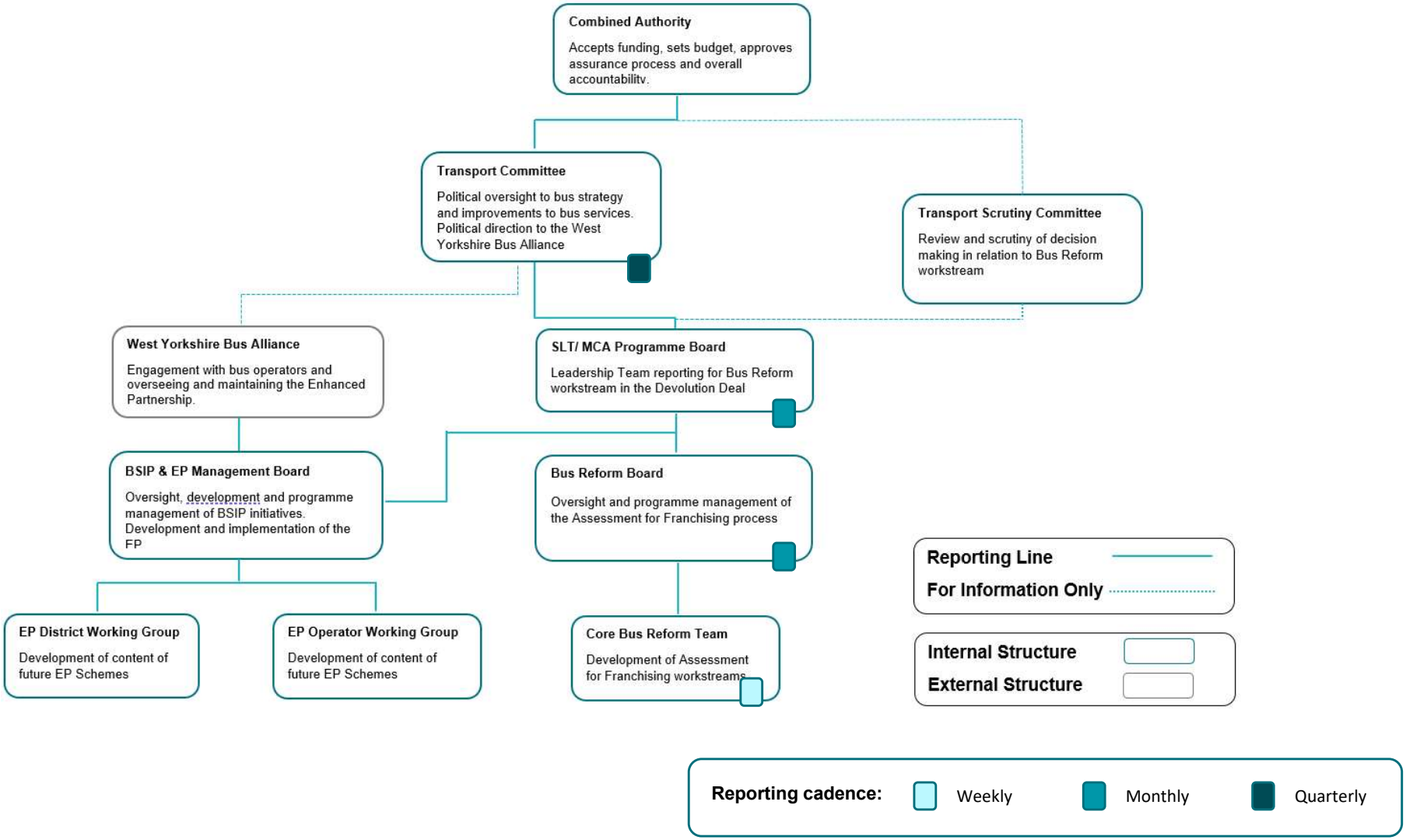
Governance Forums

- This section defines the "meeting drumbeat" required to drive effective forward-looking decision making and planning. It identifies when meetings should be scheduled to effectively enable information to flow, actions to be taken, as well as decisions and escalations to be made.

Governance Structure

WYCA Governance Structure

The Bus Reform Programme has a defined hierarchy and process for decision making through the Bus Reform Programme Board up to the Transport Committee and the Combined Authority. The following schematic shows the Governance Structure and the reporting cadence in place to support this. Going forwards, any changes to this governance structure, should be reflected/ updated in this PMO Handbook.

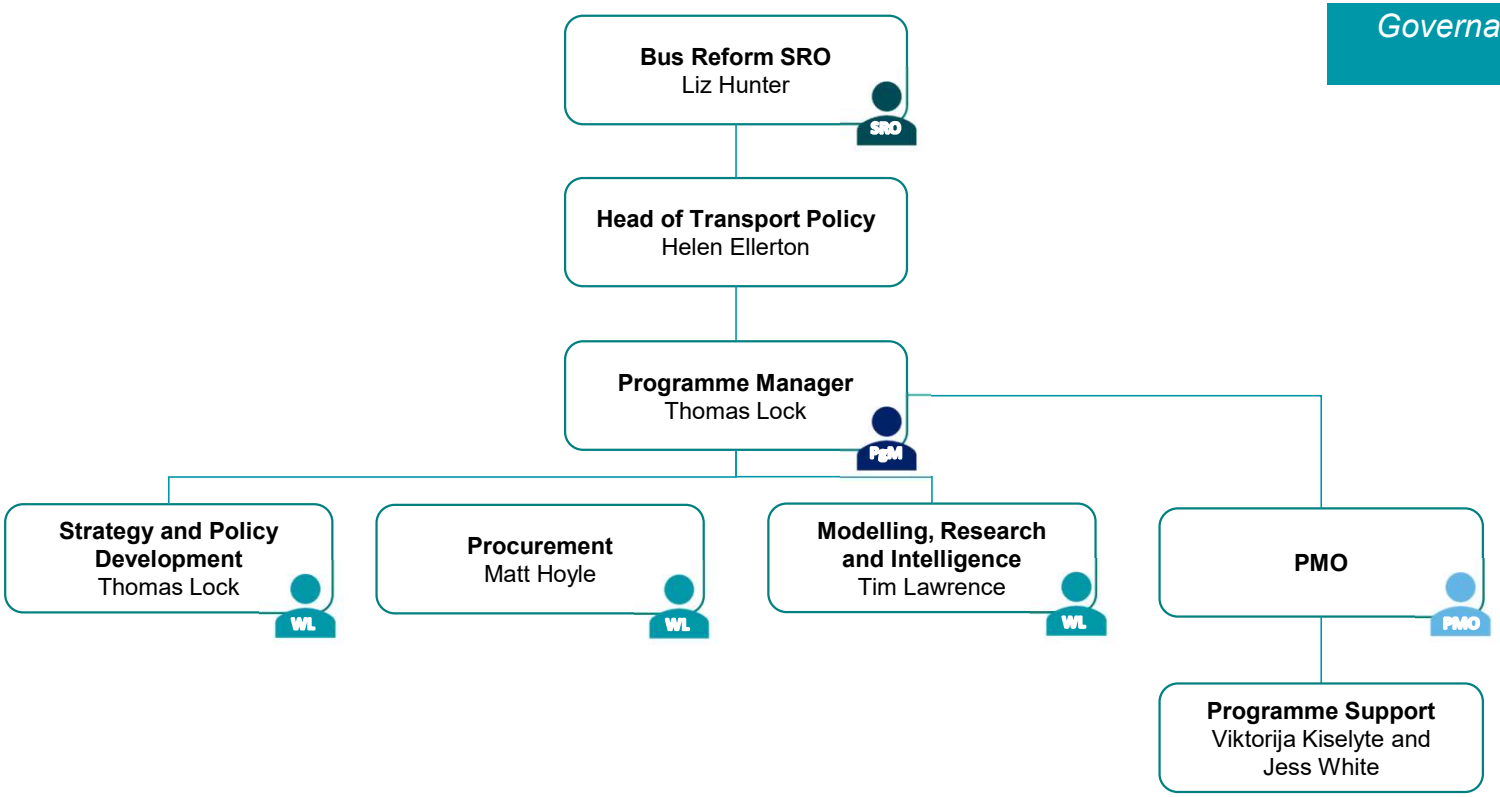


Bus Reform Programme Governance *(as of July 2022)*

West Yorkshire Combined Authority

The Bus Reform Programme has a defined programme team in place and the following schematic shows the Governance Structure in place to support this. Going forwards, any changes to this programme team structure (and key staff/ roles), should be reflected/ updated in this PMO Handbook.

Governance Structure as of 28 June 2022



West Yorkshire Combined Authority

Governance Roles and Responsibilities

Governance Roles & Responsibilities
Senior Responsible Owner (SRO)

West Yorkshire Combined Authority

The "SRO" Role

- The Senior Responsible Owner (SRO) is the individual that is accountable for ensuring that the programme meets its objectives and delivers the projected benefits, aligns with the organisations strategy and is conducted cost effectively in accordance with the programme management guidance in place.
- The SRO should be visible as the owner of the overall change, to lead the development and communication of the vision, to sell the vision and inspire those required to make things happen, to provide leadership and direction throughout the life of the programme.
- This SRO must to take personal responsibility for successfully delivery and for ensuring the organisation can fully exploit the change to deliver the required benefits.
- The SRO should be prepared to take decisions, including the premature closure of the programme if it fails to meet a business requirement.
- The SRO, as owner of the business change for the programme chair Bus Reform Programme Board.

Responsible for:	Accountable for:
• Overseeing the development and ownership of the business case • Ensuring that there is an effective programme team in place and a robust plan to support successful delivery • Balancing the demands of all stakeholders including users and suppliers • Ensuring that all appropriate documents and plans are produced and approved as necessary • Agreeing appropriate governance arrangements (e.g. Board meetings; Gate Reviews etc.) with the Programme Manager • Chairing Programme Board meetings	• Overseeing performance and the effective running of the programme • Achievement of the agreed objectives • That changes are managed appropriately • That risks and issues are managed effectively • Realising the benefits • Ensuring value for money • Keeping the Programme Manager informed of any organisational or external issues that may affect the programme

Governance Roles & Responsibilities
Programme Manger (PgM)

West Yorkshire Combined Authority

The "Programme Manager" Role

- The Programme Manager is responsible for managing the programme on a day-to-day basis, on behalf of the Programme Board and SRO and within the constraints agreed by all parties.
- The Programme Manger is primarily responsibility for ensuring the programme produces the required outputs, to the required standard of quality, and within the specified constraints of time and cost.
- The Programme Manager is responsible for the programme producing a result that is capable of achieving the benefits as defined in the business case.

Responsible for:	Accountable for:
• Supporting the Programme Board • Managing, delegating, supporting and motivating the PMO team and Workstream Leads working as part of the programme • Identifying, managing and reporting on risks and issues • Ensuring the programme team draft progress updates to the agreed format and frequency • Ensuring key documentation across the programme have been completed, including any involvement needed from the Programme Board members for sign-off • Supporting the PMO team and Workstream Leads with programme stage gate plans • Liaising with suppliers and users • Overseeing the change control processes	• Producing plans that are fit for purpose • Maintaining progress while adhering to the cost, quality and time requirements • Ensuring adherence to the change control process • Overseeing the risk register and ensuring that the mitigation/ corrective actions are carried out by the owners and escalating as required

Governance Roles & Responsibilities
Programme Management Office (PMO) (1/3)

West Yorkshire Combined Authority

The "PMO" Role

- The PMO is responsible for providing a delivery support function to enable the successful delivery of the Bus Reform Programme.
- The PMO is responsible for ensuring the programme team progress activity against plan and escalating any issues or concerns to the Programme Manager to address in a timely manner.
- The PMO is responsible for providing check and challenge against input from programme teams to ensure the information presented is a true reflection of the status of the programme.
- The PMO should focus on the following core activities: programme management, management of governance processes, RAID management, improving programme management standards and capability, relationship management and programme support.

Responsible for:	Accountable for:
• Collating and co-ordinating reporting by working closely with SRO, Programme Manager and Workstream Leads • Defining and implementing processes, procedures and templates including reporting, controls, risk, budget and resource and ensuring adherence to these • Providing analytics and insights on programme performance and making recommendations to senior management • Driving improvements on governance standards and processes • Advising on risk and issue management and resolution and supporting programme team to develop mitigating/ corrective actions and contingency plans	• **See pages 13 and 14**

Governance Roles & Responsibilities
Programme Management Office (PMO) (2/3)

West Yorkshire Combined Authority

Accountable for:

Governance

- Overseeing governance structure and forums, including:
  - Following governance processes and procedures
  - Ensuring reporting process/ cycle runs smoothly and completing data input activities
- Co-ordinate Bus Reform Programme Board, including:
  - Scheduling and attending key meetings, agenda planning, collating papers, capturing minutes, key decisions and actions, and ensuring follow up actions are completed
  - Collating information and/ or data for reports or presentations, organising team meetings, managing shared calendars
  - Identifying and arranging stage gate reviews
- Providing check and challenge to make sure the Programme adheres to the regulatory process
- Ensuring adherence against programme standards and providing support to the programme team by responding to their enquiries
- Tracking and monitoring actions, decisions and matters for escalation
- Keeping logs/ registers up to date to enable clarity on latest status

Communications and Stakeholder Management

- Supporting the planning and delivery of internal/ external communication and stakeholder engagement activities relating to the programme, including the development and maintenance of a dedicated SharePoint site
- Working closely with the Programme SRO, Programme Manager, Workstream Leads and the Mayor to ensure there is a robust communication and stakeholder engagement strategy in place for the duration of the programme's lifecycle
- Coordinating, scheduling and supporting with stakeholder engagement sessions

Governance Roles & Responsibilities
Programme Management Office (PMO) (3/3)

West Yorkshire Combined Authority

Accountable for:	
Planning	**Risk and Issue Management**
• Following planning processes and procedures • Managing and owning the integrated programme plan and actively getting feedback from suppliers and stakeholders to ensure accuracy against status of activity, key milestones and critical path • Working with Workstream Leads to ensure progress against plan and identifying dependencies and the ongoing tracking and monitoring of these • Undertaking forward looking planning • Assessing impact of any changes on the plan and operating the change control process where required	• Following risk and issue management processes and procedures • Facilitating risk and issue review sessions • Tracking and monitoring risks and issues on an ongoing basis • Managing RAID Log and escalation process, ensuring the early identification of risks and issues and the reporting of these

Governance Roles & Responsibilities
Workstream Leads (WL)

West Yorkshire Combined Authority

The "Workstream Lead" Role

- The Workstream Lead is responsible for managing their workstream on a day-to-day basis, on behalf of the Programme Board or SRO within the constraints laid down by them.
- The Workstream Lead is responsible for keeping the Programme Manager and PMO informed on progress at all times.
- The Workstream Lead is responsible for producing fortnightly/ monthly progress updates that accurately reflect the status of their workstream.

Responsible for:	Accountable for:
• Support the Programme Board • Prepare the progress updates to the agreed format and frequency • Manage the production of the required products • Identify, manage and report on risks • Direct and motivate the workstream team • Agree any delegation and use of programme assurance roles required by the Programme Board • Be responsible for operating change control processes	• Progressing activities against plan • Maintaining progress while adhering to the cost, quality and time requirements

Governance Roles & Responsibilities
Bus Reform Programme Board

West Yorkshire Combined Authority

The "Programme Board" Role

- The Bus Reform Programme Board is responsible for providing strategic oversight of the Combined Authority's Assessment for Franchising process until it concludes, as well as leadership, support and challenge to the development of the assessment.
- The Programme Board is responsible for ensuring there is appropriate assurance, governance and resource in place, together with making recommendations to the decision makers beyond this forum to make sure the programmes is delivered successfully.
- The Programme Board is responsible to the member who has commissioned the programme, is accountable for its success and are the decision makers in matters of importance, decisions and points of escalation.
- The Programme Board is chaired by the SRO, who takes executive responsibility for decisions relating to the programme and take place on a monthly basis.

Responsible for:	Accountable for:
• Providing oversight, leadership and direction to all aspects of the Bus Reform Programme, ensuring all deliverables are completed on time, within cost and to quality • Providing a forum for strategic discussion in relation to programme delivery, as well as on-going monitoring of the programme • ensure any recommendations put forward are rigorous and transparent • Ensuring appropriate and suitably skilled resources are allocated to the programme • Monitoring the programme budget, costs and investment priorities and advise and steer financial decision making as required, whilst acting in the public interest and reflecting the use of tax payer's monies • Defining and implementing the consultation, communication and stakeholder engagement strategy for the programme, considering stakeholder views as part of programme development	• Ensuring the programme adheres to legal legislation and frameworks as appropriate • Advising on the appointment of consultants, contractors and advisors as the programme requires, within the budgets approved • Overseeing risks to the programme and ensuring appropriate mitigating actions are in place • Raising and analysing any changes impacting the programme, including major milestones, scope of deliverables and costs • Ensuring compliance to corporate policies and protocols impacting the programme

Bus Reform Programme Governance
Roles & Responsibilities

West Yorkshire Combined Authority

Below is a consolidated view of the PMO functions roles and responsibilities against each of the scope areas:

	Meetings	Planning	Risks and Issues	Reporting
SRO	Chairs Programme Board. Drives progress and ensures action owners have the support they need and are escalating perceived risks and issues during the Weekly Client Support Meeting and Monthly Programme Board. Responsible for reporting upward to Transport Committee and the Combined Authority.	Oversees monthly reviews of the programme's progress against plan and Plan on a Page (POAP). Supports PgM with any re-planning required, approves/ rejects re-plan requests or escalates as appropriate to Programme Board.	Reviews programme risks and issues on a monthly basis, escalating as appropriate to Programme Board.	Reports progress, programme priorities, financial position and determines decisions required from Programme Board based on progress updates.
PgM	Chairs PMO team meetings. Manages actions, drives decision making, manages risks and issues and defines priorities and escalations during meetings. Reports progress at Weekly Client Support Meeting.	Updates on progress against plan during Weekly Client Support Meeting and Monthly Programme Board. Oversees all month ahead activities, critical path milestones, and the change control process. Resources team appropriately.	Manages risks and issues on a daily basis and formally reviews them on an ongoing basis during PMO team meetings and Monthly Risk Reviews with escalation via Weekly Client Support Meeting and Monthly Programme Board.	Oversees reporting of progress updates, ensuring they present a true reflection of the programme's status.
PMO	Schedules PMO team meetings for the Programme. Holds Workstream Leads to account (under the direction of the PgM) for their weekly priorities, planned milestones status, and the identification and management of risks and issues during meetings. Acts as secretariat during forums/ meetings, updating RAID(DA) logs and communicating with the wider team as required.	Updates the programme plan with activities/ dependencies identified by the programme team and prompting for further updates via PMO team meetings. Manages the programme's critical path milestones (under the direction of the PgM), and supporting the PgM to identify where changes need to be escalated for approval via a change control process.	Assures risks and issues information quality and completeness; ensures they are clearly articulated, the probability and impact have been accurately assessed and agreed with risk owner, and they are reviewed on an ongoing basis via the PMO team meetings and at monthly Risk Review meetings.	Collates, quality assures, and distributes POAP and progress updates based on input from the programme team.
WL	Attends relevant meetings and governance forums to provide progress updates against their workstreams.	Manages the activities and key milestones related to their workstream and provides the PgM and PMO with regular progress updates against the status of these.	Manages risks and issues assigned to them and provides the PgM and PMO with regular updates against the status of these.	Drafts progress updates against their workstream's activity and key milestones.

Bus Reform Programme Governance
RACI Matrix

West Yorkshire Combined Authority

Below is the Bus Reform Programme's RACI matrix against each of the scope areas:

R Responsible
Responsible for completing the assigned deliverable

A Accountable
Ultimate owner, accountable for final decisions

C Consulted
Person consulted before action or decision taken

I Informed
Kept in the loop on project progress

	Political Leadership					Project Leadership			Core Project Team						Bus Reform Board											
Programme Area	Mayor	Combined Authority Members	Councillor Hinchcliffe	Transport Committee Members	Local Authority Leaders	Ben Still	Liz Hunter	Helen Ellerton	Kate Gifford	Tom Lock	Vikki Stevenson	Viktorija Kiselyte	Charlie Hamilton (external)	Matthew Cole (external)	Matt Hoyle	Roy Banks	Faye Barker	Edwin Swaris	Javid Daji	Alex Meek	Mike Hawking	Jenny Sharp	Katie Hurrell	Chris Dunderdale	Tim Lawrence	Dave Pearson
> Programme plan and management						C	A	R	C	R	R	R	R	I	R	R	C	C	C	C	C	C	C	I	R	I
> Governance						C	A	R	C	R	R	R	R	I	R	R	C	C	C	C	C	C	C	I	R	I
> Reporting	I	I	I	I	I	C	A	R	C	R	R	R	R	I	R	R	C	C	C	C	C	C	C	I	R	I
> Budget and spend						C	A	R	C	R	R	R											I			
> Resource and staffing						C	A	R	C	I	I	I										C				
> Risk and Issue Management						C	A	R	C	R	R	R	R	R	I	R	R	R	R	R	R	R	R	R	R	I
> Communications and Stakeholder Engagement	I	I	I	I	I	C	A	C	C	R	I	I								R						I
> Connectivity/Mass Transit interface							A	C	C	R	I	I	R	I										R		
> Enhanced Partnership interface							A	C	C	I	R	I														R
> Bus service delivery interface							A	C	C	R	I	I						R								I
> Modelling Input							A	C	C	C	I	I	I	I											R	

Governance Forums

This section defines the “meeting drumbeat” required to support effective forward-looking activity and decision making. It describes when meetings should be scheduled to effectively enable information to flow, actions to be taken, as well as decisions and escalations to be made.

The agenda, frequency, attendees, objectives, inputs and outputs of each meeting are documented within the Terms of Reference (ToR). Detailed agenda guidance explains the activities undertaken during every stage of the meeting, labelling the responsibility of either the Programme Manager (PgM), Workstream Lead (WL), Programme Management Office (PMO) or others in the programme.

Throughout the ToR, emphasis is placed upon driving outcomes, resolving issues, making decisions, escalating appropriately and reporting and responding to progress in a timely manner. As with the prior sections of the PMO Handbook, this section should continually be reviewed and periodically updated to reflect the latest set of governance forums across the programme.

The following sections will provide detail on:

Governance Structure and Cycle

- This section details the governance forums in place and their monthly reporting cycle in place to enable ongoing monitoring, reviewing and updating of the programme’s performance and when the standard programme management meetings occur within a typical month.

Terms of Reference (ToR) and Agenda Guidance for the:

- Weekly Bus Reform Client Side Support and PMO Team Meetings
- Bus Reform Programme Board Meeting

Governance Structure

Forums – Purpose, Frequency and Attendees

West Yorkshire Combined Authority

The following table gives a summary of the Forums the Bus Reform Programme report upwards to, including the monthly "meeting drumbeat" in place to oversee performance:

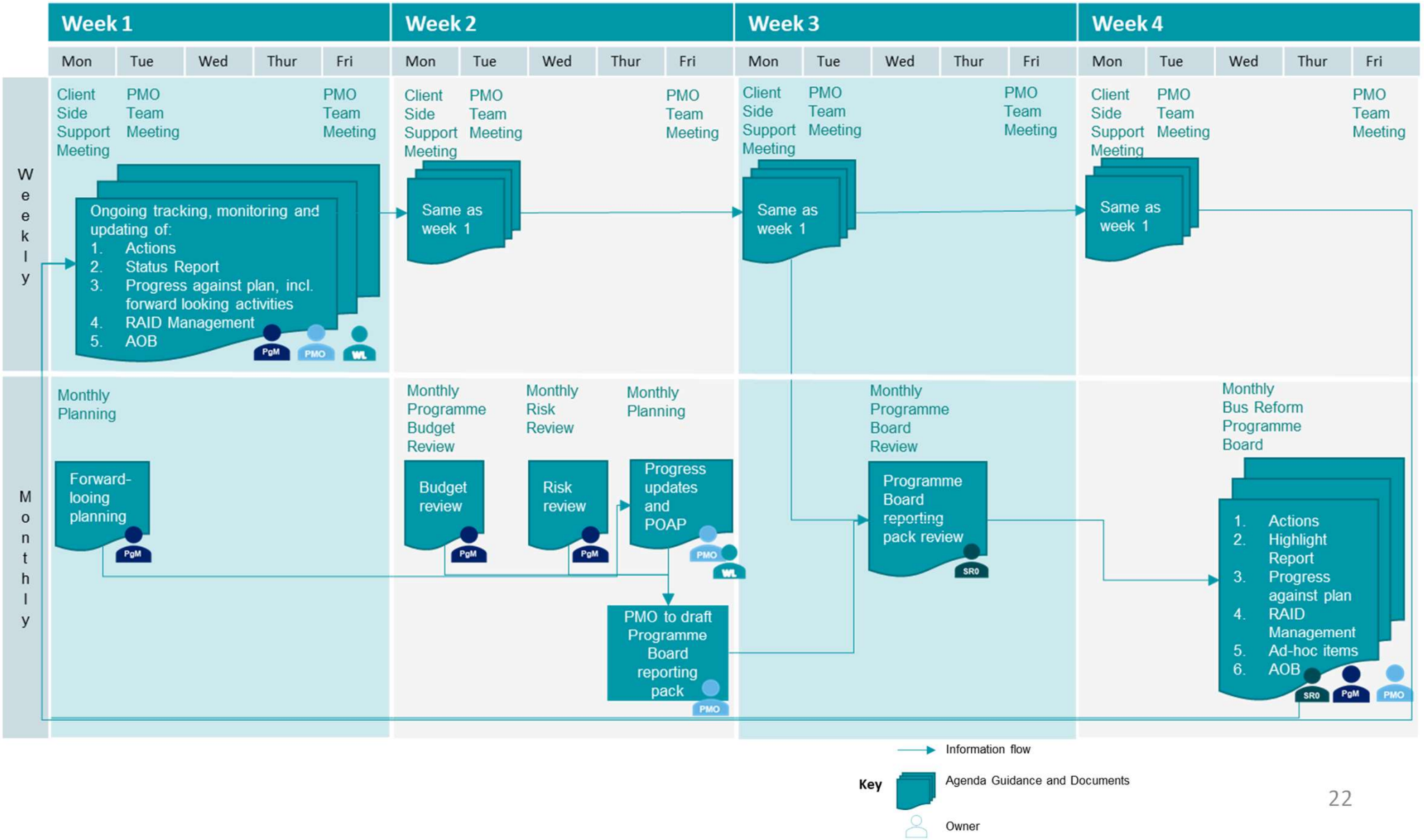
Forum	Purpose	Frequency	Attendees
Combined Authority	Overall accountability and key decision making in relation to the Programme	* Placeholder - information requested from WYCA	The Combined Authority comprises ten members in addition to the Mayor, who is a member of the Combined Authority by virtue of that office
Transport Committee	Political oversight, review and scrutiny in relation to the Programme	Quarterly	* Placeholder - information requested from WYCA
Internal Leadership Board	Provide oversight and major decision making to the Programme, including providing strategic leadership and direction and resolving escalations from the Programme Board	By exception	* Placeholder - information requested from WYCA
Bus Reform Programme Board	**See Terms of Reference on pages 24- 26**		
Bus Reform Client Side Support Meeting	Provide a verbal update on the tracking, monitoring and updating of: • Actions • Agree forward looking activities • Progress against plan • RAID Management • Matters for escalation	Weekly (Monday)	• Helen Ellerton, Head of Transport Policy • Thomas Lock, Programme Manager • Kate Gifford • Vikki Stevenson, Policy Co-Ordinator • Viktorija Kiselyte, Programme Support • Matthew Hoyle, Procurement Workstream Lead • Jessica White, Programme Support • Workstream Leads
Bus reform PMO Team Meetings		Weekly (Tuesday and Friday)	
Risk Review Meeting	Review new and open risks and issues to make sure they are effectively being managed and mitigated throughout the month	Monthly	• Thomas Lock, Programme Manager • Jessica White, Programme Support • Vikki Stevenson, Policy Co-Ordinator • Viktorija Kiselyte, Programme Support • Helen Ellerton, Head of Transport Policy

Bus Reform Programme's Governance Cycle

High-level overview and "meeting drumbeat"

West Yorkshire Combined Authority

On a monthly basis, a "meeting drumbeat" occurs which all governance reporting processes follow. The current meeting occurrence should not constrain future rescheduling of meetings, but the sequencing of the meetings should remain to allow for optimal information flow and reporting upward to defined governance forums.



Bus Reform Programme Board
Terms of Reference (as of 28 June 2022) (1/3)

West Yorkshire Combined Authority

Purpose

The purpose of the Bus Reform Programme Board is to provide strategic oversight of the Combined Authority's Assessment for Franchising process until it concludes, as well as leadership, support and challenge to the development of the assessment. The Programme Board will also ensure there is appropriate assurance, governance and resource in place, together with making recommendations to the decision makers beyond this forum to make sure the programmes is delivered successfully.

Members (Name, Title, Role)

- Director, Policy and Development (Interim) (Liz Hunter) Senior Responsible Owner, Chair
- Policy Officer (Tom Lock) Project Manager (Core Team)
- Head of Transport Policy (Interim) (Helen Ellerton) Transport Policy input and implications
- Director, Transport and Property Services (Dave Pearson) Interface with the Enhanced Partnership
- Head of Commercial (Faye Barker) Commercial input and implications
- Procurement & Contracts Manager (Roy Banks / Matt Hoyle) Day to day Commercial contact
- Head of Mobility Services (Edwin Swaris) Transport Operations input and implications 5
- Lead Lawyer (Projects, Procurement & Contracts) (Javid Daji) Legal input and implications
- Head of External Affairs (Alex Meek) Communications input and implications HR Business Partner (Jenny Sharp) HR input and implications
- Head of Finance (Katie Hurrell) Finance input and implications
- Chief of Staff to the Mayor of West Yorkshire (Mike Hawking) Liaison with the Mayor on Project progress
- Policy Officer (Chris Dunderdale) Interface with Mass Transit Project
- Strategic Modelling Manager (Tim Lawrence) Modelling contributions for the Assessment
- Policy Co-ordinator (Vikki Stevenson) Project Support (Core Team)
- Policy Assistant (Viktorija Kiselyte) Project Admin and Support (Core Team)

Points to note

- **Frequency**: monthly - this may vary to suit the demands and needs of the programme.
- **Duration**: 2 hours - as above.
- Agenda and papers will be distributed to members 5 days before the Programme Board is scheduled to take place
- Minutes, key decision and actions will be distributed to members within 2 days of the meeting taking place.
- Administrative support to the board will be managed through the PMO team.
- Ad-hoc attendees will be invited as appropriate.
- Membership shall be reviewed as required and any proposed changes ratified by the Board.
- The Chair may invite other personnel to the board on a 'task and finish' basis, or for the purposes of seeking specialist advice or support, where it would benefit the delivery programme.

Bus Reform Programme Board
Terms of Reference (as of 28 June 2022) (2/3)

West Yorkshire Combined Authority

Objectives

- To enable economic growth in West Yorkshire by improving connectivity to areas of economic opportunity
- To realise environmental aspirations, including significantly reducing local emissions
- To support local communities by improving access to health services, education, employment, leisure and retail destinations

Role and Function

- Provide oversight, leadership and direction to all aspects of the Bus Reform Programme, ensuring all deliverables are completed on time, within cost and to quality
- Provide a forum for strategic discussion in relation to programme delivery, as well as on-going monitoring of the programme
- Ensure any recommendations put forward are rigorous and transparent
- Ensure appropriate and suitably skilled resources are allocated to the programme
- Monitor the programme budget, costs and investment priorities and advise and steer financial decision making as required, whilst acting in the public interest and reflecting the use of tax payer's monies
- Define and implement the consultation, communication and engagement strategy for the programme, considering stakeholder views as part of programme development
- Ensure the programme adheres to legal legislation and frameworks as appropriate
- Advise on the appointment of consultants, contractors and advisors as the programme requires, within the budgets approved
- Monitor risks to the programme and ensure appropriate mitigating actions are in place
- Raise and analyse changes impacting the programme, including major milestones, scope of deliverables and costs
- Maintain commercial and ethical confidentiality as required of the programme
- Ensure compliance to corporate policies and protocols impacting the programme
- Ensure due regard is given to equality and diversity throughout the programme

Bus Reform Programme Board
Terms of Reference (as of 28 June 2022) (2/3)

West Yorkshire Combined Authority

Objectives

- To enable economic growth in West Yorkshire by improving connectivity to areas of economic opportunity
- To realise environmental aspirations, including significantly reducing local emissions
- To support local communities by improving access to health services, education, employment, leisure and retail destinations

Role and Function

- Provide oversight, leadership and direction to all aspects of the Bus Reform Programme, ensuring all deliverables are completed on time, within cost and to quality
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- Ensure any recommendations put forward are rigorous and transparent
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- Ensure the programme adheres to legal legislation and frameworks as appropriate
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- Monitor risks to the programme and ensure appropriate mitigating actions are in place
- Raise and analyse changes impacting the programme, including major milestones, scope of deliverables and costs
- Maintain commercial and ethical confidentiality as required of the programme
- Ensure compliance to corporate policies and protocols impacting the programme
- Ensure due regard is given to equality and diversity throughout the programme

Bus Reform Programme Board
Terms of Reference (as of 28 June 2022) (3/3)

West Yorkshire Combined Authority

Inputs	Outputs
Bus Reform Programme pack, including: • Actions from last meeting • Matters for Escalations • Programme Update, including Plan on a Page • Risks and Issues • Programme Spend • Ad-hoc papers for discussion/ approval	• Minutes, key decisions and actions • Updates to RAID Log • Updated to Plan (where applicable)

Bus Reform Programme Board
Agenda Guidance (1/2)

West Yorkshire Combined Authority

Item	Inputs (before meeting)	Objectives (during the meeting)	Outputs (post meeting)
2. Minutes and Actions from the last meeting	WL: Provides updates on status of actions PMO: Updates actions log	SRO: Ensures acceptance of minutes and runs through actions PMO: Captures minutes, key decisions, actions and escalations	PMO: Update decision and action log with closure or carry forward activity
3. Matters for Escalation	PgM: Identifies matter for escalation/ decision or change controls required PMO, WL: Drafts supporting material for change control where required	SRO: Ensures decisions are reached in the best interest of the programme PgM: Presents matters for escalation to get Programme Board agreement	PgM: Progress decisions made on subjects presented PgM, PMO, WL: Re-plans accordingly based on decisions made and track and monitors throughout the month
4. Programme Update	WL: Provides updates on progress against plan PMO: Updates POAP	PgM: Update on programme progress against plan WL: Updates on workstream progress against plan	PMO: Update POAP and decisions and actions log and tracks and monitors throughout the months PgM, PMO, WL: Re-plan accordingly post the meeting based on decisions made on subjects presented
5. Programme Risks and Issues	Risk Owner: Provides updates on open risks and issues PMO: Updates RAID Log PgM: Chairs Risk and Issue Review and confirms Top 5 risks to be reported on	PgM: Presents top 5 programme risks and issues and details mitigation/ corrective action plans/ status Risk Owner: Provides steer and prompts mitigation actions and continued management of risks and/ or active issues	Risk Owner: Manages and reports on open risks and issues throughout the month PMO: Updates RAID Log and tracks and monitors throughout the month
6. Programme Spend	PgM: Updates budget	PgM: Presents spend against recent activity, and plans for the month ahead	PgM: Monitors programme spend throughout the month

Bus Reform Client Side Support and PMO Team Meetings
Terms of Reference

West Yorkshire Combined Authority

Purpose and Objective

The purpose of the Client Side Support and PMO team meetings is to provide updates against progress and top priorities to makes sure the team have the support they need to deliver against agreed outcomes.

Members

- Helen Ellerton, Head of Transport Policy
- Thomas Lock, Programme Manager
- Kate Gifford
- Vikki Stevenson, Policy Co-Ordinator, Programme Support
- Viktorija Kiselyte, Programme Support
- Matthew Hoyle, Procurement Workstream Lead
- Jessica White, Programme Support
- Workstream Leads

Frequency

Weekly: Monday, Tuesdays and Fridays

Duration: 60 minutes

Agenda

1. Actions from last meeting
2. Progress against plan
3. RAID Log
4. Matters for escalation
5. AOB

Inputs

- Updates against actions from last meeting
- Updates on progress against plan
- Updates on RAIDs
- Matters for escalations
- AOB

Outputs

- Key decisions and actions
- Updates to RAID Log
- Updated to Plan (where applicable)
- Escalations for Programme Board

Bus Reform Client Side Support and PMO Team Meetings
Agenda Guidance

West Yorkshire Combined Authority

Agenda Item	Inputs (before meeting)	Objectives (during the meeting)	Outputs (post meeting)
1. Actions	WL, PMO: Progresses actions and updates PMO on progress PMO, PgM: Updates Action Log and oversees actions throughout the week	PMO: Review team progress against priorities and actions, and agree support where required PM: Drive progress and ensures action owners have the support they need	As required update and issue: • Decisions and Actions Log • POAP and integrated plan • RAID Log PgM, PMO, WL, Risk Owner: Update team on priorities, decisions and actions as required, then drive progress with ongoing tracking, monitoring and reporting against these Support escalations and actions as required
3. Progress against Plan	WL: Manage progress against plan throughout the week and provide updates to PMO PMO: Manages progress against plan PgM: Oversees progress against plan	WL: Updates on workstream progress against plan PMO: Identifies where re-planning is required PgM: Make decisions within PgM authority or agree escalation to Programme Board	
2. Risk and Issues Management	Risk Owner: Manage risks and issues throughout the week and provide updates to PMO PMO: Update RAID Log and provide check and challenge where required PgM: Oversee management of risks and issues	Risk Owner: Provides updates on open risks and issues PgM: Make decisions within PgM authority or agree escalation to Programme Board	
4. Matters for Escalations	PgM, PMO, WL, Risk Owner: Identifies and flags potential areas for escalation	PgM: Make decisions within PgM authority or agree escalation to Programme Board PMO, WL: Identified where change control is required Drafts supporting materials for change control where required	

Planning

This section introduces and summarises the standards to create, manage and change/ update the Bus Reform programme plan.

To manage and report upon the existing plan, steps are built into the weekly and monthly programme management meetings and reporting cycle to help embed proactive plan management within the programme's "meeting drumbeat". This includes a Plan on a Page (POAP) format to support the communication of the plan in management meetings. It is suggested that weekly forward plan monitoring is part of the weekly meeting drumbeat with a plan look ahead taking place on a monthly basis.

Occasionally plans may need to be changed with milestones being moved. This section provides guidance around when a re-plan may be required and who is involved to ensure alternative options are considered, assessed for impact and agreed at the right level. The approval route for the change will differ depending on the tolerances for time, cost, quality and scope of the appropriate people/ governing bodies in the escalation process.

The following sections will provide detail on:

Planning Overview

- This section details the purpose and importance on planning to enable the successfully delivery of your programme.

Planning Approach

- This section details the approach taken to determine the key milestones, critical path and dependencies for the Bus Reform Programme. Is also sets out the required standards and expected quality for developing and maintaining the programme plan across all workstreams moving forward.

Plan Management

- This section details the monthly planning cycle to enable ongoing monitoring, reviewing and updating of the plan.

Planning Overview

West Yorkshire Combined Authority

Programme Planning Overview

Planning is the process of identifying the methods, resources and activities necessary to deliver the programme's objectivities. It achieves this by drawing on the expertise and knowledge of organisations and individuals, including drawing on the lessons that have been previously learned from delivering similar programmes to:

- Understand the need, problem or opportunity that the programme will address and the benefits that it will deliver;
- Define what has to be accomplished and delivered, typically stated in terms of scope, time, budget and quality;
- Develop a plan to deliver the programme.

Planning is used to determine how, when and which programme deliverable must be achieved to deliver the agreed outcomes needed for the programme to be successful. The planning discipline assesses how and when activities need to take place and defines the acceptable standard required for completion, as well as balancing standards and targets within agreed parameters.

Programme planning will be **critical to enable the successful delivery** of the Bus Reform Programme. The planned activity and milestones identified will form the basis by which the programme can **monitor overall progress** and make sure all workstreams deliver against the baselined plan.

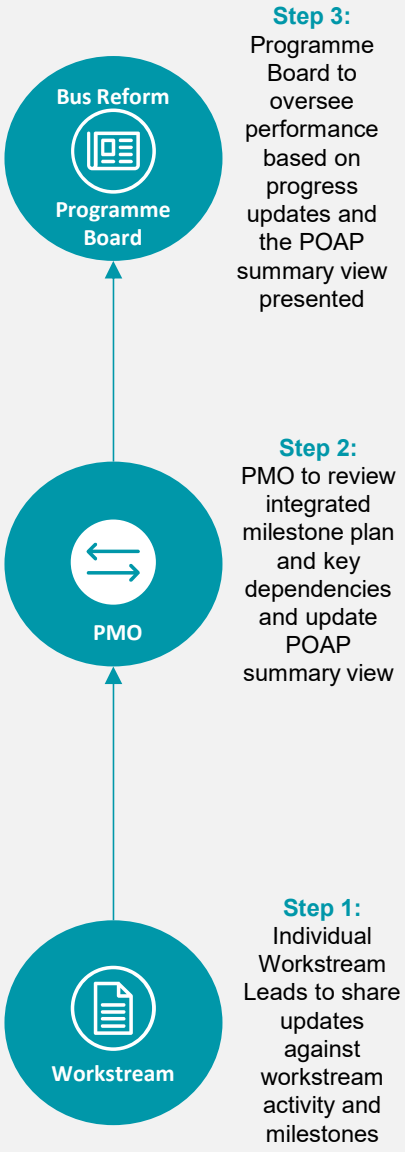
A good plan should cover all aspects of a programme and give all interested parties a clear understanding of the size and complexities involved, i.e., all associated tasks, milestones, dependencies, and resource requirements necessary to achieve the end goal of the programme.

The plan hierarchy shown to the right is used to govern the programme. The purpose of this hierarchy is to:

- Provide a consolidated view of progress against plan through monthly reporting
- Support active management of the critical path and dependencies between workstreams, including any potential wider organisational dependencies that may be identified during the programmes lifecycle

Further detail on the plan hierarchy and the monthly planning cycle can be found in the **Planning Approach and Plan Management** sections.

Plan Hierarchy



Planning Approach

Planning Approach

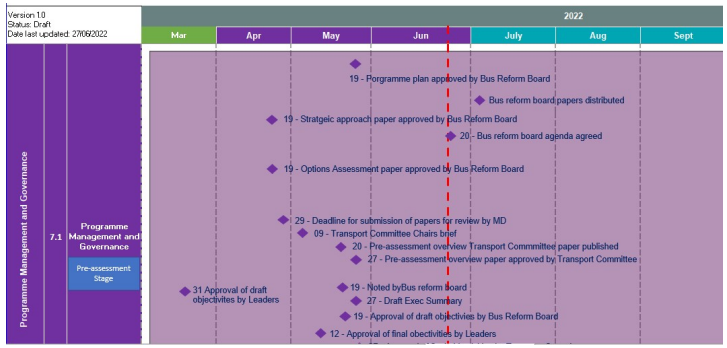
West Yorkshire Combined Authority

There is a high-level integrated milestone plan for the Bus Reform Programme, covering each of the four workstreams (Procurement, Modelling, Research and Intelligence, Stakeholder Management, Programme Management and Governance and Other) with an overarching Programme view. The content of the plan is owned by each of the Workstream Leads with updates against progress to be provided weekly/ monthly to the Programme Management Office (PMO).

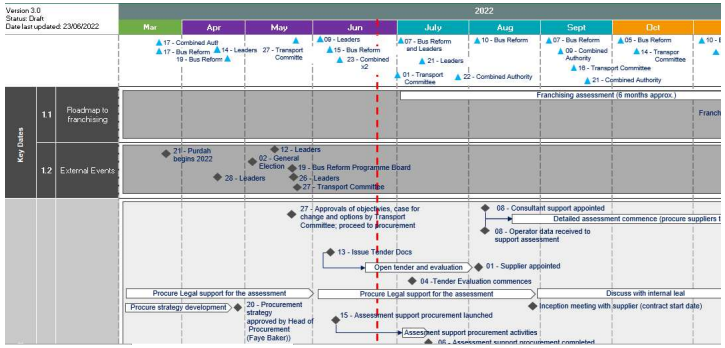
The PMO will update and maintain the programme plan in collaboration with the Workstream Leads on an ongoing basis.

The plan has been structured in to two different levels and these levels are outlined below:

Plan Hierarchy Level	Level Description
Level 1 - Milestone Executive Summary Plan	This is an executive summary showing the critical milestones to assist in the decision making process (go/no-go, prioritization and determining the criticality of projects). The effectiveness of identifying this critical path is dependent on all deliverables being included in the plan. If deliverables are missing, they will not be picked up as being on the critical path.
Level 2 – Management Summary	This is a management summary. It depicts the overall project broken down into its major components by area and is used for higher-level management reporting. It includes a high-level summary of each workstream's key milestones and activities. It is a view that enables dependencies to be more easily identified as in a visual format.



Level 1 – Milestone Executive Summary Plan



Level 2 – Management Summary

Planning Approach
Integrated Plan Guidance

The following visual provides guidance on updating the Bus Reform's integrated plan/ POAP:

The plan is built around four workstreams: 1. Strategy policy Development, 2. Modelling, Research and Intelligence, 3. Stakeholder Management and 4. Other.

The plan is mapped out to March 2024.

The bar charts are activities, diamonds are milestones and the triangle and key governance dates.

The blue box under each workstream title illustrates the workstream stage.

The Change Request steering group must first approve a proposed change in activity/ milestone.

Each workstream has its colour:
- Strategy Policy Development (Dark Blue)
- Programme Management and Governance (Purple)
- Procurement (Grey Accent)
- Modelling, Research and Intelligence (Orange)
- Stakeholder Management (Light Blue)
- Other (Green Accent)

The red dotted line is the progress line. Activity/milestones before the progress line are either completed or late. If late, the milestone or activity should be moved using a dotted line for visibility of the baseline and the current date

The plan should be baselined every three months. Baseline is an approved plan for the programme, which programme performance is measured to facilitate management decision making. The setting of the baseline cannot be achieved until the scope is defined and agreed. This will be achieved by clear identification of the schedule of all deliverables, activities and milestone dates

Once this is in place, the plan can be baselined and programme's performance can be measured, allowing appropriate action to be discussed, agreed and taken.

Planning
Dependency Management

West Yorkshire Combined Authority

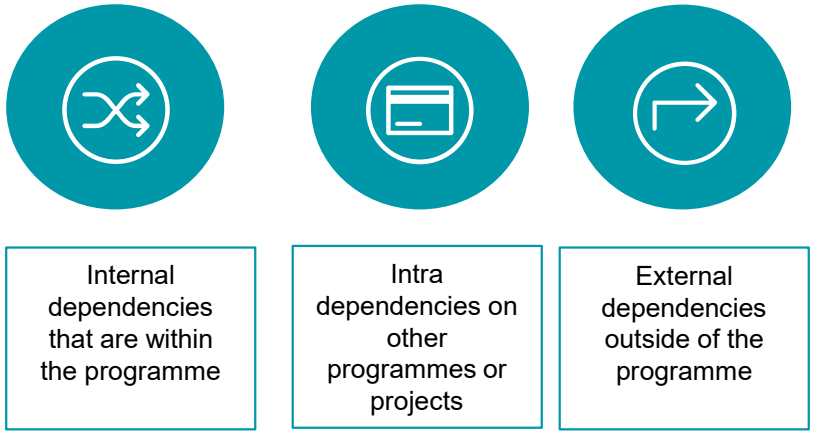
Dependency management is the process of monitoring and controlling the key dependencies on a programme.

On a typical programme there are many dependencies. For the smooth and efficient running of a programme these dependencies need to be carefully and regularly monitored and controlled.

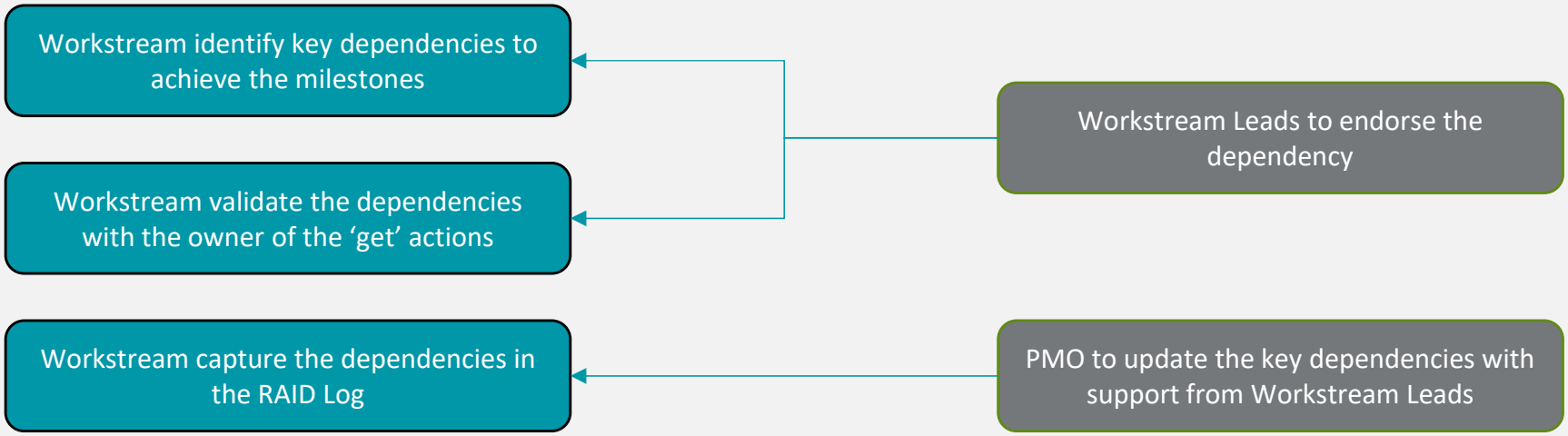
At a high level they can between the workstreams, sub-contractors and disciplines. It is important that the scope of the dependencies between the parties is defined, agreed and documented to ensure there is alignment around their definition and impact.

The diagram below illustrates the mapping and agreement of dependencies:

There are three types of dependencies:



Mapping and agreement of dependencies



West Yorkshire Combined Authority

Placeholder for Change Control process.

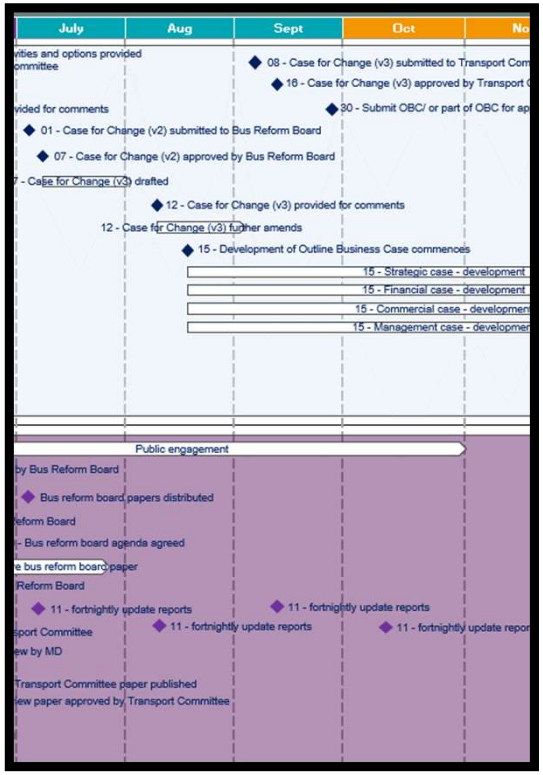
(Out of scope - to be added by WYCA Bus Reform programme team in the next iteration of the PMO Handbook)

Planning
WYCA success in planning

West Yorkshire Combined Authority

There are a number of key themes that are required for planning to be a success; the nine key considerations when building out your programme plan are detailed below:

Workstream leads are responsible for ensuring the up-to-date plan is shared with PMO	The workstream plans should aim to have a 'rolling wav' schedule with a very detailed plan for the next 3-6 months and lesser details for medium - longer term	In detailed plans, activities should be broken into discrete tasks with enough duration to track progress against the plan
New activities and milestones identified will be added to the plan following the change request approval	The plan will be re-baselined every three months	Key milestones, including key dependencies will be reported via progress updates
The PMO will hold a consolidated plan, track progress against this and ensure change control process is adhered to if required	Workstream risks should be discussed, understood and taken into account so that any identified risk mitigations are included in the schedule	Ensure that the planning exercise is properly led, and that all input from Workstream Leads and other stakeholders are considered, reviewed and included as appropriate



Plan Management

Plan Management
Roles & Responsibilities

West Yorkshire Combined Authority

The following table provides guidance on the roles and responsibilities involved in the management of the programme plan as part of the Bus Reform Programme:

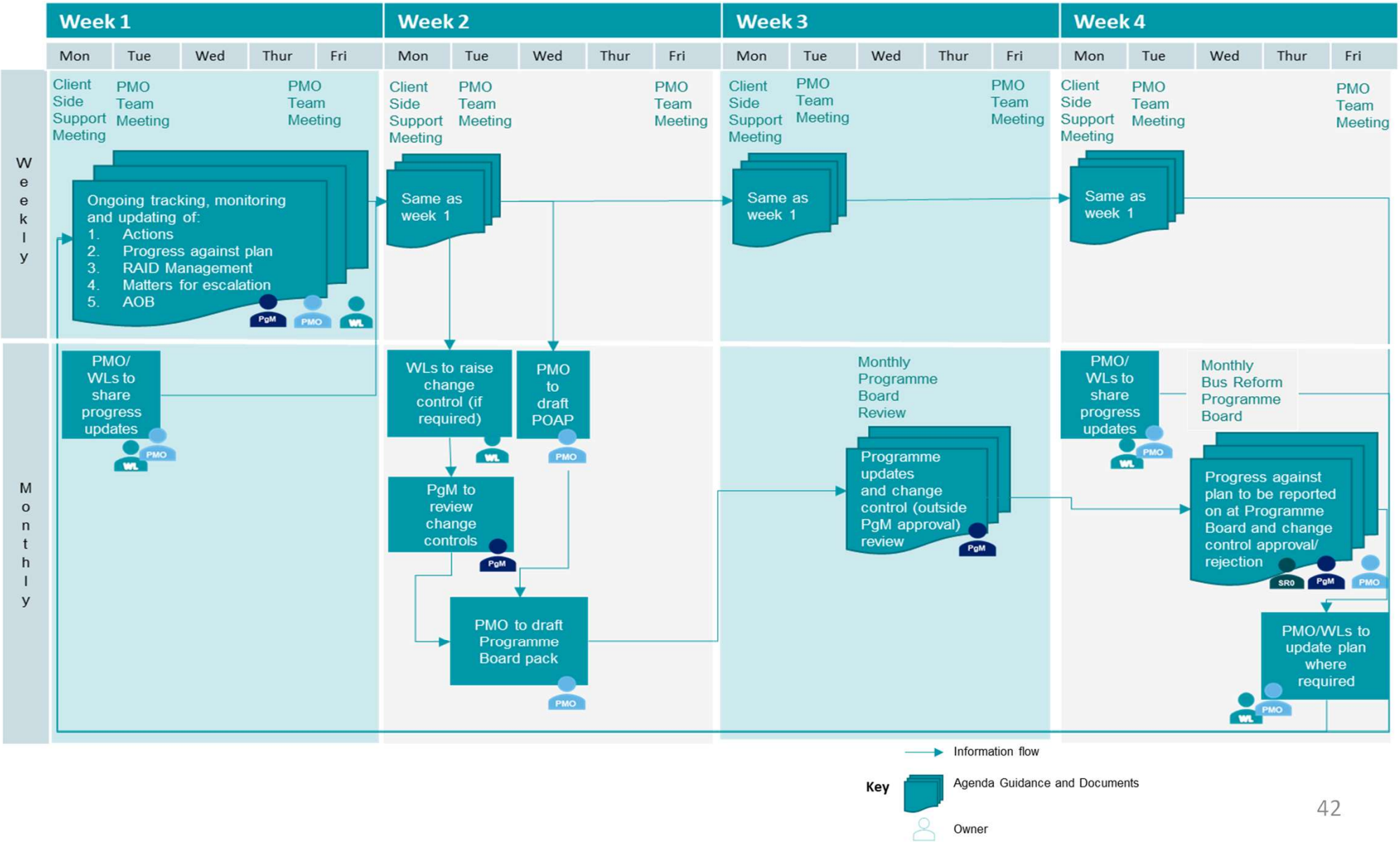
Role	Responsibilities
SR0	• Has oversight of Programme Plan through project reporting • Provides advice and guidance milestone/ activities issues are escalated, and is responsible for further escalations should they be required
PgM	• Oversees performance against plan • Identifies risks and issues on a daily basis against the Plan • Challenges the plan to ensure dependencies across the workstreams are captured • Escalates issues to SRO as appropriate • Identifies where the change control process needs to be followed, if approvals are outside the remit of the PgM's role
PMO	• Responsible for collating the workstream plans • Responsible for updating the integrated plan using the workstream plans • Responsible for reporting on progress against the plan • Ensures Workstream Leads adhere to the change control process where required
WL	• Responsible for maintaining their workstream level plans • Responsible for sharing an up-to-date plan with PMO • Responsible for reporting on progress against plan • Engages with other workstreams for inter-dependencies • Adheres to the change control process where required

Plan Management

High-level overview and "meeting drumbeat"

West Yorkshire Combined Authority

On a monthly basis, a "meeting drumbeat" occurs which the planning process will follow to help embed proactive plan management. The current meeting occurrence should not constrain future rescheduling of meetings, but the sequencing of the meetings should remain to allow for optimal information flow and reporting upward to defined governance forums.



Risk and Issue Management

Risk and Issue Management
Introduction

West Yorkshire Combined Authority

This section introduces and summaries the standards for risks and issues identification, assessment, monitoring and review, and how this should be embedded in the weekly meetings as a live, constant process.

During any given week in a programme management month, risks and issues are proactively managed through the Weekly PMO Team Meetings and Monthly Risk Review Meetings, with the PMO responsible for managing and monitoring risks and issues on an ongoing basis. Where possible the mitigation/ corrective actions assigned should be immediately actionable, near-term actions (within the next week or month), ensuring risks and issues management is done in real time and consistently managed.

The following sections will provide detail on:

Risk and Issue Management Overview

- This section details the purpose and importance of risk and issue management to enable the successfully delivery of your programme.

Risk and Issue Management Approach

- This section details policy, process and procedures to apply when identifying, assessing, mitigating/ resolving and reporting on programme risks and issues.

Risk and Issue Management

- This section details the monthly risk and issue management cycle to enable the ongoing monitoring, reviewing and updating of the status against risks and issues.

West Yorkshire Combined Authority

Risk and Issue Management Overview

Risk and Issue Management Overview (1/3)

West Yorkshire Combined Authority

Risk and Issue Management is the identification and monitoring of Risks and Issues throughout the programme's lifecycle. It is important for there to be a standard approach to Risk and Issue Management in terms of the **identification, assessment, response, monitoring and the review** of these, and for the standard approach to be embedded in weekly reporting as a live, constant process. Below is a definition of a risk versus an issue:

Risks

- An event which ***may*** occur and result in a negative impact on the project must be concisely recorded and monitored. Each risk is given an impact (insignificant/ minor/ moderate/ major/ highly significant) and likelihood (rare/ unlikely/ possible/ probable/ almost certain) score and is allocated to a risk owner who is responsible for implementing mitigating actions within the allocated timeframe.

Issues

- An event that ***has*** arisen and will result in a negative impact on the project if not dealt with appropriately. Issues may arise unexpectedly or may occur due to a risk materialising. To reduce its impact on the continued progress of the project it must be recorded and monitored. Issues are given an impact and likelihood score and are allocated to an issue owner who is responsible for implementing corrective actions within the allocated timeframe.

Risk and Issue Management Overview (2/3)

West Yorkshire Combined Authority

Assessing Risks

- When assessing risks it is important to distinguish between key risks requiring comprehensive action to manage, and other risks, which can be more easily contained.
- Assessing risks requires addressing three topics:
  - Being clear about the source of the risk and any existing controls in place,
  - Determining the likelihood that the risk will occur, and the potential impact it could have if it does occur,
  - Generating risk scores to establish risk severity.
- The likelihood and impact of an event occurring is always a question of judgement, but past records, relevant experience, expert judgements and any relevant published documents can be used for guidance:

Likelihood - How likely is it that this risk will occur?

- Likelihood is used as a qualitative description of likelihood or frequency.

Impact - How severe would its impact be on finances, reputation of or the delivery and achievement of objectives?

- Impact is the outcome of an event expressed qualitatively or quantitatively, being a loss, injury, disadvantage or gains.

Further detail on assessing risks and issues can be found under the **Risk and Issue Management Approach** section.

Risk and Issue Management Overview (3/3)

West Yorkshire Combined Authority

Risks and issues should be proactively managed throughout the programme lifecycle, with the PgM, PMO and Risk Owners responsible for managing and monitoring these. Where possible the mitigation actions assigned should be immediately actionable (within the next week or month), ensuring risk and issue management is done in real time and consistently managed and reported on. A high-level overview of best practice key steps in identifying, reviewing and managing risks and issues is shown below:

Step One
Identification

- Risks and issues can be identified by any individual within the programme team, but are owned by the Risk Owner.

Output: Clearly defined risks and issues (cause, event and impact description)

Step 2
Assessment

- WYCA's Risk Management policy requires risks to be assessed against the set criteria detailed in the Corporate Risk strategy.
- All risks and issues are assessed to determine impact and likelihood.

Output: Severity score assigned to risks, and impact against issues

Step Three
Response Planning and Implementation

- High-level mitigation strategies to either assume. accept (take no action), avoid (choose a different course of action), control, transfer or watch/ monitor are assigned to risks and issues.

Output: Risk mitigation actions and bi-weekly review to manage risks and issues

Step Four
Monitoring and Reviewing

- Monthly Risk Review meetings are undertaken to review open risks and issues to drive mitigating/ corrective actions. Any changes should be recorded in the RAID Log and communicated to relevant stakeholders and reported on at Programme Board.

Output: Risks and issues are managed, mitigated and monitored. Top risks and issues are also reported on at Programme Board.

Risk and Issue Management Approach

Risk and Issue Management Approach
Assessing Risks and Issues: Guidance (1/5)

West Yorkshire Combined Authority

The following section details the Bus Reform Programme's Risk and Issue Management guidance, in alignment with WYCA's Corporate Risk strategy:

Likelihood

If you're not sure about the percentage chance of a risk happening over a given timescale and you don't have the data to assess its frequency, use the likelihood descriptors (i.e. 'Very low', 'High' etc.) to determine the most suitable score.

The risk timescale – i.e. the period of time during which the risk could materialise - will vary according to the type of risk it is. For example:

• For a budget risk, it might be expected to materialise over this financial year or over the period of the Medium Term Financial Plan.

• For a project risk, it could be either over the whole of the project lifecycle or for a particular phase within the project.

• For a number of the more cross-cutting strategic risks such as those on the corporate risk register, it is likely that the risk could materialise at any time. When considering a Directorate or Corporate risk, this should be considered against existing and future business plans and any timescales indicated in these.

Likelihood Score	1	2	3	4	5
Likelihood Descriptor	Very Unlikely	Unlikely	Possible	Likely	Very Likely
Frequency (How often might it happen)	Very unlikely to occur	More likely not to occur	Could occur at some point	More likely to occur than not	Very likely to occur
% Likelihood	Less than 5% chance	between 5% and 30% chance	Between 30% to 60% chance	Between 60% to 90% chance	More than 90% chance

Impact

Many risks could have a range of consequences: for example, a Health & Safety breach could affect an individual as well as lead to reputational and financial damage for an organisation. It's therefore possible that you assess the risk as having an impact of '3' using the Health & Safety impact, '2' for Finance and '4' for reputation.

Although you could break the risk down into several different risks covering all these areas and then score each of them to address the varying impact scores, often this can crowd a risk register and take the focus away from the actual risk 'event': i.e. the Health & Safety incident. Where possible, it's better to focus on the key risk and use your best judgement to give an overall single impact assessment score.

Impact Score	1	2	3	4	5
Impact Descriptor	Insignificant	Minor	Moderate	Serious	Critical
Projects / Programmes	Little or no schedule slippage. No threat to anticipated benefits & outcomes.	Minor delays but can be brought back on schedule within this project stage. No threat to anticipated benefits & outcomes.	Slippage causes delay to delivery of key project milestone but no threat to anticipated benefits / outcomes.	Slippage causes significant delay to delivery of key project milestone(s). Major threat to achievement of one or more benefits / outcomes.	Significant issues threaten entire project. Could lead to project being cancelled or put on hold.
Financial Impact	No or minimal financial cost.	Losses / costs incurred of 1-2% of budget.	Losses / costs incurred of 3-5% of budget.	Losses / costs incurred of 6-10% of budget.	Losses / costs incurred of more than 10% of budget. Not covered by insurance.
Reputation	No adverse publicity. Rumours.	Single adverse article in local media or specific professional journal. WYCA / Partner one of a number of agencies referred to.	A number of adverse articles in regional / social media mentioning WYCA / Partner. Some recirculation via social media. Single request for senior officer / member to be interviewed on local TV or radio. Adverse reaction by LCR residents in social media / online forums. Short-term reduction in public confidence.	Series of adverse front page / news headlines in regional or national media. Wider recirculation via social media. Sustained adverse reaction by LCR residents in social media etc. Repeated requests for senior officer / member to be interviewed on local TV or radio. Long-term reduction in public confidence.	Sustained adverse publicity in regional media and / or national media coverage. Extensive / prolonged recirculation via social media channels. Repeated requests for Leaders / Chief Execs / WYCA MD to be interviewed on national TV or radio. Possible resignation of senior officers. Total loss of public confidence.

Risk and Issue Management Approach

Assessing Risks and Issues: Guidance (3/5)

West Yorkshire Combined Authority

Impact Score	1	2	3	4	5
Impact Descriptor	Insignificant	Minor	Moderate	Serious	Critical
Service Interruption	Negligible. No impact on services.	Minor inconvenience for service users and staff. Services quickly restored.	Some client dissatisfaction but services restored before any major impacts.	Major disruption to service delivery. This could be through a single event or a series of outages.	Massive disruption to services. Recovery difficult or even impossible.
Staff	No impact on staff or service delivery.	Short-term low staffing level that temporarily reduces service quality. No impact on staff morale.	Medium-term low staffing level / insufficient experienced staff to deliver quality service. Some minor staff dissatisfaction.	Late delivery of key objective / service due to lack of experienced staff. Low staff morale.	Non-delivery of key objective / service due to lack of experienced staff. Very low staff morale.
Legal and Compliance	No or minimal impact or breach of guidance / statutory duty.	Minor breach of statutory legislation / regulation. Reduced performance rating if unresolved.	Single breach in statutory duty. Challenging external recommendations / improvement notice.	Several breaches in statutory duty. Enforcement action and improvement notices. Critical report. Low performance rating.	Multiple breaches in statutory duty. Prosecution. Complete systems / service change required. Severely critical report. Zero performance rating.
Health & Safety	No ill effects.	Short-lived / minor injury or illness that may require First Aid or medication. Small number of work days lost.	Moderate injury / ill-effects requiring hospitalisation. Risk of prosecution from enforcement agencies.	Single serious injury and / or long-term illness or multiple injuries.	Single or multiple fatalities and / or multiple incidences of permanent disability or ill-health.
Digital Security	No digital breach of systems or data.	Single breach of non-sensitive, non-business critical systems or data. Any loss quickly recovered and contained.	Single breach of data or systems which are operational or public-facing. Data recovered and contained.	Multiple breaches of data or system with limited ability to recover or contain the loss, or single breach of sensitive data or business-critical system.	Multiple breaches of one of more datasets including sensitive personal data, or sustained breach of business-critical or public facing systems, with limited means of recovery
Environmental	Carbon neutral or negative output in comparison to alternatives. No adverse effects on air, land or water quality.	Low levels of carbon output in comparison to alternatives. Minimal adverse effects on air or water quality to controlled geographic area.	Moderate levels of carbon ouput in comparison to alternatives. Some adverse effects on air or water quality to compact geographic area.	Noticeably higher levels of carbon ouput in comparison to alternatives. Noticeable adverse impact on air or water quality in multiple geographic area/s.	Significantly higher carbon output in comparison to alternatives. Significant harmful effect on air or water quality to large geographic area/s.
Infrastructure	No effect on local infrastructure, communities or the environment.	Superficial damage to local infrastructure (e.g. minor road) but little disruption caused.	Medium damage to local infrastructure (e.g. minor road) causing some disruption.	Key elements of local infrastructure (e.g. school, major road) damaged causing major disruption.	Extensive damage to critical elements of local infrastructure (e.g. school, hospital, trunk road) causing prolonged disruption.

Risk and Issue Management Approach
Assessing Risks and Issues: Guidance (4/5)

West Yorkshire Combined Authority

Evaluate Risk Severity

- Once each risk has been assessed for probability and impact, the risk rating is determined from the following table
- It is necessary to combine them to produce a level of risk severity.
- Risk Severity can be expressed using a 5 X 5 matrix, as shown below:

Impact	Rare	Unlikely	Possible	Probable	Almost certain
Highly Sig.	High	High	Very High	Very High	Very High
Major	High	High	High	Very High	Very High
Moderate	Medium	Medium	High	High	High
Minor	Low	Low	Medium	Medium	Medium
Insignificant	Low	Low	Low	Low	Low

Probability

Risk and Issue Management Approach

Assessing Risks and Issues: Guidance (5/5)

West Yorkshire Combined Authority

Mitigation handling options include:

Assume/ Accept: Acknowledge the existence of a particular risk, and make a deliberate decision to accept it without engaging in special efforts to control it. Approval by Programme Board is required.

Avoid: Adjust programme requirements or constraints to eliminate or reduce the risk. This adjustment could be accommodated by a change in funding, schedule, or technical requirements. Approval by Programme Board is required.

Control: Implement actions to minimise the impact or likelihood of the risk. Approval by Programme Board is required.

Transfer: Reassign organisational accountability, responsibility, and authority to another stakeholder willing to accept the risk. Approval by Programme Board is required.

Watch/ Monitor: Monitor the environment for changes that affect the nature and/ or the impact of the risk and report on at Programme Board, if categorised as a Top Risk.

Risk and Issue Management Approach

RAID Log Guidance

West Yorkshire Combined Authority

The following visual provides guidance on updating the Bus Reform Programme's risk log:

Individual who has identified the risk and date identified

Risk description:
- Describe the specific event.
- Explain why the event exists.
- Identify the underlying circumstances.

Choose the Probability from the list

Choose the Impact from the list

Rating automatically populates

Describe the mitigating actions to be taken and when they will be taken over a specific timeframe. Actions should deal with the cause, event and impact (risk elements).

The owner is the individual responsible for the relevant stream of activity

Record escalation to Programme Board if needed

Date the risk was last reviewed

Date risk is closed

Directorate:	Policy and Development
Project:	Bus Reform
Date of Last Review:	08/06/2022

Date raised	Raised by	Type	Description Due to... (cause) There is a risk that/opportunity to... (risk itself)	Consequences (which may result in)	Current risk rating: Probability 2	Current risk rating: Impact 2	Current risk rating: Rating 2	Rating at Last Review	Direction of Travel	Mitigating Action	Target Mitigation Date	Risk Owner	Status	Escalation	Current Comments	Previous Comments	Last Review Date	Date Closed
01.07.21	PMO	Service Delivery/Service User Risk	Due to the Combined Authority's investigation into the feasibility of franchising, there is a risk that the current positive relationship with the bus operators is undermined	which may result in: • in the Bus Alliance Partnership breaking down, thus causing a deterioration of the current customer offer and reducing the Combined Authority's influence over the bus network • delays in obtaining necessary data for the assessment	Possible	Highly Significant	Very high	Very High	–	Combined Authority to develop and implement a robust communication and stakeholder engagement strategy and plan throughout the Bus Reform Programme's life cycle. The purpose of this is to ensure the programme's core for change, objectives and process is clearly articulated to bus operators so they feel consulted/informed throughout.	30/09/2022	Liz Hunter	Open	No	22.06.22: This is an ongoing risk and will need monitoring	08.06.2022: no change	08/06/2022	
01.07.21	PMO	Reputational	Due to increased public and stakeholder awareness of the assessment for franchising process, there is a risk of high expectations that improvements for passengers will happen more quickly and to a greater extent than is possible	which may result in loss of confidence in the CA to deliver results and for increased pressure on Members to invest to make improvements	Probable	Major	Very high			Combined Authority to undertake detailed planning to identify key milestones, critical path and dependencies, which can be used to communicate to the public to manage expectations. Combined Authority to develop and implement a robust communication and stakeholder engagement strategy and plan throughout the Bus Reform Programme's life cycle. The purpose of this is to ensure the programme's core for change is clearly articulated to bus operators so they feel consulted/informed throughout and are clear on process to make sure relationships are maintained to deliver the agreed outcomes of the programme.	30/12/2022	Liz Hunter	Open			08.06.2022: Chief of Staff for Mayor appointed as a member of the Bus Reform Project Board to manage this	08/06/2022	
01.07.21	PMO	Regulatory/Legal	Due to the complexity of the bus legislation and the potential challenge from the industry, there is a risk that the outputs and outcomes of the Assessment are legally challenged.	Which may result in a delay in a decision being made on, and the implementation of, the preferred bus reform option.	Possible	Highly Significant	Very high			Combined Authority to develop and implement a robust communication and stakeholder engagement strategy and plan throughout the Bus Reform Programme's life cycle. The purpose of this is to ensure the programme's core for change is clearly articulated to bus operators so they feel consulted/informed throughout and are clear on process to make sure relationships are maintained to deliver the agreed outcomes of the programme. Set-up a robust PMO function, with tight document control and documentation. Appointment of legal support to ensure adherence to the Bus Services Act	30/12/2022	Helen Ellerton/David Deji	Open			08.06.2022: keep stakeholders consulted/informed throughout. Legal support being procured. Monitor and engage with other CA's going through the same process to share lessons learnt	08/06/2022	
08.12.21	PMO	Financial	Due to unforeseen circumstances encountered as the Assessment develops, there is a risk that the budget allocated is insufficient to deliver all of the required outputs	which may result in delays to the project if an alternative budget cannot be found quickly or abandoning the project altogether if funds cannot be found elsewhere	Unlikely	Moderate	Very High			Continue to monitor and capture WYCA costs		Helen Ellerton	Open			08.06.2022: scoping completed therefore continue to monitor.	08/06/2022	
11.02.22	PMO	Human Resources	Due to the volume of work required to programme manage the Bus Reform project alongside existing bus policy responsibilities there is a risk that there is not enough capacity to properly undertake the project	which may result in delays that mean a decision can't be made before May 2024	Probable	Highly Significant	Very high			Set-up a robust PMO function with clear roles & responsibilities		Helen Ellerton	Open			08.06.2022: no change.	08/06/2022	
08.12.21	PMO	Reputational	Due to delays in the completion of the Assessment there is a risk that the Mayor is unable to make a decision on whether to proceed with bus franchising scheme for West Yorkshire within her first term of office.	which may result in the Mayoral pledge to bring buses back into public control being undermined	Probable	Major	Very high			Combined Authority to undertake detailed planning to identify key milestones, critical path and dependencies. Set-up a robust PMO function with clear roles & responsibilities Comms and stakeholder engagement with Mayor		Liz Hunter	Open			08.06.2022: no change.	08/06/2022	

Select the type of risk from the drop down list

List the potential impact of the risk, e.g. the immediate impact on:
- Performance – identify the specific performance requirement which is compromised or not met.
- Activity – identify the specific plan activity which will take longer.
- Cost – identify the specific cost item which is impacted.

When will the most immediate action be completed?

Every action update should have a comment capturing the latest status of the risk

Risk and Issue Management

Risk and Issue Management
Roles & Responsibilities

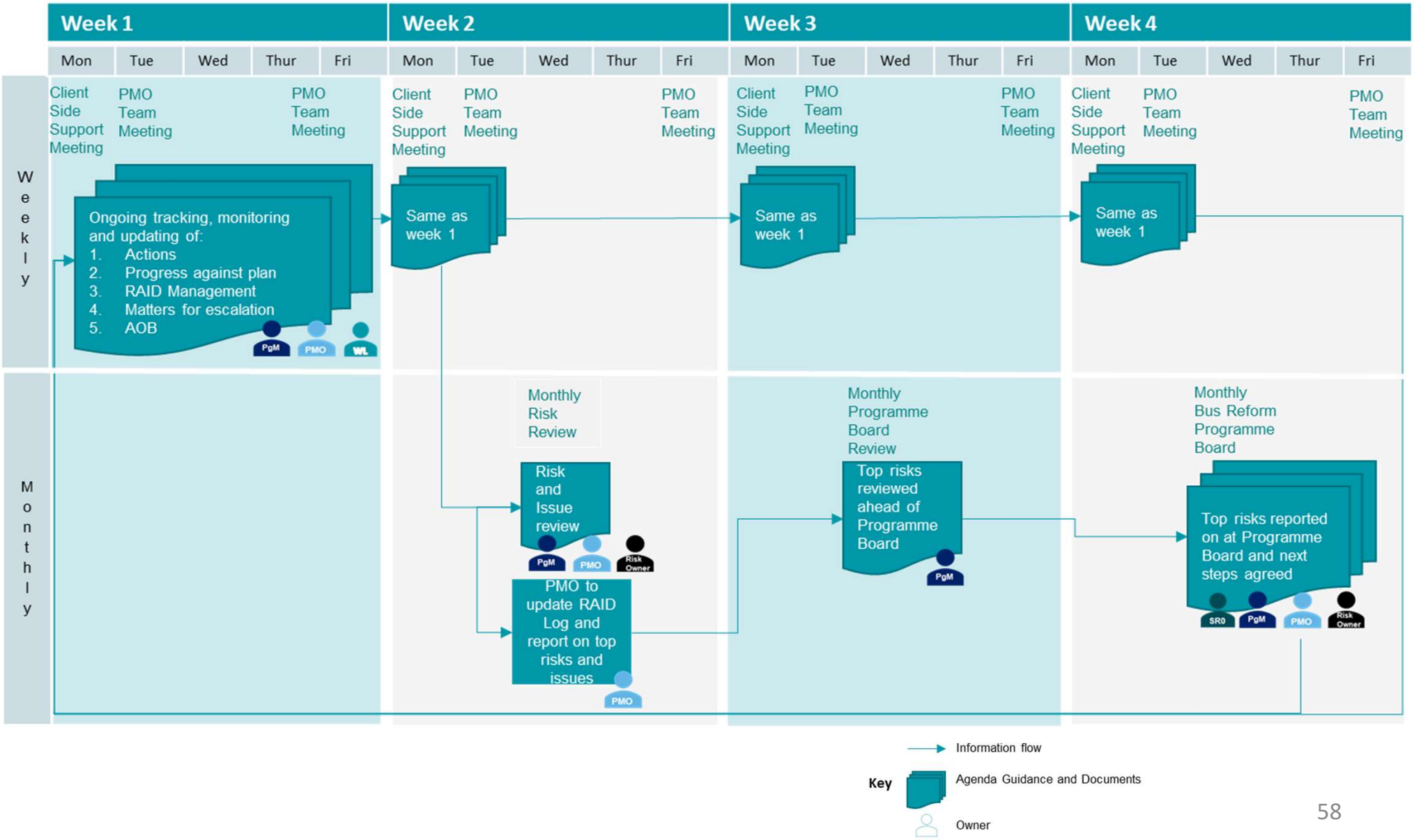
West Yorkshire Combined Authority

The following table provides guidance on the roles and responsibilities involved in the management of risks and issues as part of the Bus Reform Programme:

Role	Responsibilities
SR0	• Providing oversight of Programme Risks and Issues through programme reporting and updates • Providing advice and guidance when Risks and Issues are escalated, and is responsible for further escalations should they be required
PgM	• Identifying Risks and Issues on a daily basis • Proactively managing Risks and Issues; ensuring planned actions are undertaken on a weekly basis until resolved • Escalating Risks and Issues to SRO, as appropriate
PMO	• Assuring Risks and Issues information quality; ensuring they are clearly described, the probability and impact has been assessed accurately and mitigation actions are occurring on a monthly basis • Capturing, assessing the severity and proposing mitigation actions within the next month • Ensuring that the information recorded in the Risk and Issues Log is representative of the truth
Risk Owner	• Monitoring mitigation, assessing the criteria/ score and providing regular updates in standard reporting and at governance forums, until risk is agreed to be fully closed/ mitigated • Owning resolution actions and remaining responsible for managing and updating the status in advance of weekly team meetings and/ or Programme Board meetings • Informing PMO of any changes to the status of risks/ issues to ensure timely action can be taken to address

Risk and Issue Management

High-level overview and "meeting drumbeat"

West Yorkshire Combined Authority

On a monthly basis, a "meeting drumbeat" occurs which the risk and issue management process will follow to help the early identification and mitigation of these. The current meeting occurrence should not constrain future rescheduling of meetings, but the sequencing of the meetings should remain to allow for optimal information flow and reporting upward to defined governance forums.