Bus reform

Have your say on how buses are run in West Yorkshire

Consultation Document

This consultation runs from
10 October 2023 to
7 January 2024



West Yorkshire Combined Authority | Tracy Brabin Mayor of West Yorkshire

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

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

We think franchising is the best way achieve the change needed, and we would like your views on what we are proposing. This document gives you details about our proposals and how you can get involved.

The consultation runs from 10 October 2023 to 7 January 2024.

About the Mayor of West Yorkshire

The West Yorkshire Mayor is directly elected by the people of West Yorkshire and is the Chair of the Combined Authority. The Mayor has specific powers and functions which were transferred from central Government as part of the region's devolution deal, with some of these relating to transport. The Mayor has the power under the Transport Act 2000 as amended by the Bus Services Act (the Act), to decide on whether to introduce the Proposed Franchising Scheme. The Mayor of West Yorkshire is Tracy Brabin.

About the West Yorkshire Combined Authority

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

Metro is the transport network of the Combined Authority. The network includes over 14,000 bus stops, shelters and timetable displays across West Yorkshire, as well as most bus stations, travel centres and other supporting services.

Consultation Document overview

The Combined Authority believes that the way local buses are run needs to change to improve the local bus system for our communities that rely on it. This Consultation Document explains why the Combined Authority recommends bus franchising is the right way to do this, based on its assessment of the Proposed Franchising Scheme.

Introducing franchising means that buses in the region would be under the control of the Combined Authority. That means we would set the routes, frequency, fares and overall standards of buses in our region.

This Consultation Document sets out our plan for franchising in West Yorkshire (the Proposed Franchising Scheme) and how this could be introduced. It also explores an alternative option we assessed, the Enhanced Partnership Plus (EP+), which details what else the Combined Authority and bus operators could do to improve local buses through the current legal framework. These two bus reform options are compared to the way buses are currently run, the Enhanced Partnership Reference Case (EP Reference Case).

The Combined Authority wants to hear views on these proposals from the people, organisations and businesses across the region.

The consultation runs from 10 October 2023 to 7 January 2024.

What is covered by this consultation?

This is a formal consultation as required by the Transport Act 2000 as amended by the Bus Services Act 2017 ('the Act') and has been prepared in accordance with the Act and the supporting Bus Services Act 2017: Franchising Scheme Guidance ('the Guidance'). It will inform a decision by the Mayor of West Yorkshire on whether or not to introduce the Proposed Franchising Scheme as set out in section 6. This Consultation Document summarises the Bus Reform Assessment (the Assessment) prepared by the Combined Authority in accordance with section 123B of the Act (see section 4.8 and 7 of the Act) and includes the Combined Authority's Proposed Franchising Scheme which is compared against how buses are currently run (the EP Reference Case) and an alternative bus reform option (the EP+).

This Consultation Document includes questions about the Assessment and the contents of the Proposed Franchising Scheme itself.

This consultation is not intended to capture operational West Yorkshire bus issues such as reliability, frequency, requests for new routes etc. For any general bus feedback, queries or complaints, you can contact Metro through the website **www.wymetro.com/contact-us** or call MetroLine on 0113 245 7676. Alternatively, you can contact bus operators directly. Operator contact information can be found online at: **www.wymetro.com/buses/bus-operators**

Legal requirements

The Act explains what the Combined Authority must include as part of its Consultation Document. Table 1 below sets out these requirements and where they can be found within this document.

Table 1 – Legal requirements for the Consultation Document

Requirement – legal requirements that should be included within this Consultation Document	Consultation Document section reference
A summary of the assessment of the Proposed Franchising Scheme.	See section 1 (Executive Summary) and section 4 (The Assessment Summary)
The area within which the Proposed Franchising Scheme would operate, and any sub–areas within it.	See section 3.2 and section 4.3
A description of the franchised services that the Combined Authority proposes to provide.	See section 3.4, 4.3 and Appendix 5, Annex 1 and 2
A description of any services, or types of service, that the Combined Authority proposes to except from regulation arising because of the franchising scheme.	See section 3.4, 4.3 and Appendix 5, Annex 3
The date on which the Combined Authority proposes to make the franchising scheme, together with the first date or dates by which the Combined Authority proposes to enter into contracts with operators to provide franchised services.	See section 3.5 and 4.3
The period or periods that it is proposed will expire between the Combined Authority entering into a contract, and services starting to be operated under that contract.	See section 3.3 and 4.3
A description of the Combined Authority's proposed plans for consulting throughout the life of the franchising scheme to seek views on how well the scheme is working.	See section 3.6
A statement of how in conducting the procurement process, the Combined Authority proposes to facilitate involvement of small and medium sized operators in provision of franchised services.	See section 4.3 (supported also in sections 1.6 and 3.3)
The date by which responses to the consultation must be received.	Please see 'About the Consultation'

The Act is available to read online at:
www.legislation.gov.uk/ukpga/2000/38/section/123A

The Guidance is available to read online at:
www.gov.uk/government/publications/bus-services-act-2017-bus-franchising-creation

About the consultation

This section explains who can take part, how to respond, the consultation questions, where to find more information and information on accessibility.

The deadline for responses is 7 January 2024. If you want to have your say, please make sure you respond before this time.

Who can take part?

This consultation is open to all individuals or organisations. We want your views, whether you currently use the bus or not.

You can answer as a member of the public or in an official capacity, for example as a Member of Parliament, statutory consultee or business representative.

Please be aware that if you are answering in an official capacity your response will be published. Decision makers will have access to all responses during and following the close of the consultation period. Responses from members of the public will remain anonymous.

How do I respond?

The consultation is open between 10 October 2023 and 7 January 2024. We are asking for your feedback on the Assessment and the Proposed Franchising Scheme and suggest two steps:

Step 1: Read the information in this Consultation Document

Step 2: Tell us what you think by completing our questionnaire or alternatively sending us your response by email or letter

Please note: Any responses that do not fall within the scope of the consultation will be duly considered but only included in the consultation analysis to the extent that it is considered relevant to do so.

The consultation questions

There are two versions of the consultation questionnaire. You are welcome to fill out whichever questionnaire you wish and you don't have to answer all of the questions. Both versions of the questionnaire are available in full in Appendix 1.

The short version which contains the ten questions that are set out throughout the Executive Summary (see section 1). These are focused on key areas discussed in this Consultation Document. If you choose to answer this questionnaire, you should find all the relevant information in the Executive Summary and are not required to read the whole document.

The long version contains 47 questions. These questions are set out throughout this document following the Executive Summary, referenced in the relevant text, with the full list provided in Appendix 1. The long version may be more appropriate for respondents who have a good level of knowledge and interest in the bus market as it contains more questions – some of which are more complex. If you are responding to this questionnaire, you may not wish to read the Executive Summary.

The questions for this consultation have been prepared around the requirements of the Act.

An independent agency, DJS Research, has reviewed the questions to ensure that they are clearly worded, objective, and non–leading. They will also process and analyse the responses. You can view both the Combined Authority's and DJS Research's privacy policies on their website **https://www.djsresearch.co.uk/dataprotection/**

Where do I get more information?

The consultation details the Assessment, Proposed Franchising Scheme, and the Draft Equality Impact Assessment, all of which can be read in full online at **www.yourvoice.westyorks-ca.gov.uk/busreform**

This document includes all the information you need to answer the consultation questions. Further information can be found in the appendices:

- **Appendix 1** – Consultation questions – short and long versions
- **Appendix 2** – Locations you can see the Consultation Document
- **Appendix 3** – Independent Auditor's report
- **Appendix 4** – Combined Authority's response to the Observations of the Independent Auditor
- **Appendix 5** – Proposed Franchising Scheme

Accessibility and contact information

If you have any questions, need to respond in a different way, require consultation materials in a different format, you can get in touch with us via:

Email: bus.reform@westyorks-ca.gov.uk

Telephone: 0113 245 7676 (Metroline) charged at the standard operators rate

Post: Freepost CONSULTATION TEAM (WYCA)

Use our online Q&A tool: Submit your question and we will get back to you within ten working days.

What happens next?

All responses will be received and processed by the Combined Authority and shared with DJS Research to be analysed as part of the consultation process.

Once the responses are analysed and the report prepared by DJS Research has been considered by the Combined Authority and the Mayor, the Combined Authority will publish a report setting out its response to the consultation and the Mayor's decision on whether to make the Proposed Franchising Scheme, as required by the Act.

This decision is currently expected on 14 March 2024. However, this date may be subject to change depending on the progress and outcome of the consultation, as well as other matters relating to the Combined Authority's business.

Once the consultation closes, the Act allows the Combined Authority to make changes to the Proposed Franchising Scheme. This could mean that modifications that reflect more recent changes in West Yorkshire's buses (including the bus network) or changes which reflect consultation responses are made to the Proposed Franchising Scheme.

How buses are run now

Buses are the most used form of public transport in West Yorkshire, with over 1.7 million bus journeys taken each week – but passenger journeys have been in long term decline and the industry faces many challenges.

Most bus services are run by private bus operators.

Since 1986, bus services in England have been deregulated, except in London since 1984 and Manchester since September 2023. This means that buses are mainly run by private operators.

In West Yorkshire, there are 26 different bus operators. They have control over their routes, timetables, ticket options, fares, frequency and service standards. Bus operators receive the revenue from passenger fares. They retain the profits, and have the commercial independence to decide how to reinvest this to support the ongoing running of buses. Bus operators own or lease their own vehicles and depots, and are responsible for hiring drivers and ensuring bus services run on a day–to–day basis.

Bus operators are responsible for registering most bus services with the Traffic Commissioner.

The Traffic Commissioner is responsible for the registration of local bus services and giving bus operator licences to run bus services. The Traffic Commissioner also has enforcement powers and can take action against bus operators that pose a road safety risk or are not running reliable or punctual registered bus services.

The Combined Authority supports local bus services.

As the Local Transport Authority (LTA), the Combined Authority supports buses in the region by:

- Spending about £21m every year paying for socially necessary services which would otherwise not be provided by bus operators – about 15% of all bus journeys
- Being responsible for managing the free bus pass scheme for older and disabled people (concessionary fares), as part of the English National Concessionary Travel Scheme
- Managing most of West Yorkshire's bus stations and maintaining the region's 14,000 stops, shelters and timetable displays
- Providing up–to–date travel information online and in print for all public transport services
- Being part of the ticketing company, MCard, which offers reduced fares and pre–paid tickets for use across buses run by different operators, as well as trains
- Co–ordinating around ½ million AccessBus journeys per year for 5,000 registered users who are unable to use regular bus services
- Working with national government to secure new funding for investment in local buses and other projects to encourage more people to travel by bus

Bus operators and the Combined Authority currently work together to try to improve local buses through an Enhanced Partnership (EP).

In response to Bus Back Better: the national bus strategy for England (2021), in April 2022 https://www.gov.uk/government/publications/bus-back-better, in April 2022 the Combined Authority made the Enhanced Partnership (EP) following consultation with bus operators and other parties as required by the Act, evolving the existing

voluntary partnership agreement into a statutory partnership with the aim of improving bus service provision in the region

The EP is a statutory partnership between the Combined Authority as the Local Transport Authority, 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

The current EP is the mechanism for working with bus operators to influence and improve the delivery of the local bus system. The EP provides details on the Combined Authority's, West Yorkshire local authorities', and operators' shared plan to improve bus services and provision in West Yorkshire. The relevant legislation in relation to the EP is set out in the Act

More information about the current EP, including the EP Plan and scheme is available on the Combined Authority's website. **https://www.westyorks-ca.gov.uk/improving-transport/west-yorkshire-bus-alliance/**

1. Executive Summary



1. Executive Summary

The Transport Act 2000 as amended by the Bus Services Act (the Act), gives Mayoral Combined Authorities, including West Yorkshire Combined Authority, powers to reform their bus markets. The Combined Authority has prepared its Bus Reform Assessment (the Assessment) and has considered two options to reform the way buses are run – a Proposed Franchising Scheme and an Enhanced Partnership Plus (EP+). The Assessment compares these two bus reform options to the way buses are currently run, the Enhanced Partnership Reference Case (EP Reference Case).

This Executive Summary sets out key elements of the Assessment of the Proposed Franchising Scheme which the Combined Authority has prepared in accordance with section 123B of the Act.

The Assessment:

- Describes the effects the Proposed Franchising Scheme could have
- Compares the Proposed Franchising Scheme to the EP Reference Case and the EP+
- Considers whether the Proposed Franchising Scheme would contribute to the Combined Authority's policies (and those of neighbouring authorities)
- Considers how the Combined Authority would make and operate the Proposed Franchising Scheme
- Considers whether the Proposed Franchising Scheme offers value for money for the public sector
- Considers whether the Combined Authority would be likely to secure the provision of services under the Proposed Franchising Scheme through local service contracts (franchise contracts)

This executive summary includes information on:

- **1.1 Introduction to the Assessment**
    - 1.1.1: What is bus reform?
    - 1.1.2: What is Franchising?
    - 1.1.3: What is an Enhanced Partnership?
    - 1.1.4: Why do West Yorkshire buses need to be improved?
    - 1.1.5: History of partnership working in West Yorkshire
    - 1.1.6: The Proposed Franchising Scheme
    - 1.1.7: The EP+
- **1.2: The Assessment**
    - 1.2.1: Strategic Case
    - 1.2.2: Economic Case
    - 1.2.3: Commercial Case
    - 1.2.4: Financial Case
    - 1.2.5: Management Case
    - 1.2.6: Assessment conclusion
- **1.3 Equality Impact Assessment**
- **1.4 Conclusion**

1.1 Introduction to the Assessment

The following sections set out key definitions and details of the Assessment.

1.1.2: What is bus reform?

Bus reform is the process of changing the way in which buses are ran to improve services and the passenger experience, for the benefit of the people of West Yorkshire more broadly. The Act sets out the statutory powers that LTAs, like the Combined Authority, have to reform buses – which include establishing franchising and enhanced partnerships. These different options for running buses are described in more detail in the following sections.

The Combined Authority has been exploring bus reform in West Yorkshire over recent years, in line with the required legal processes, as set out in the timeline on the following page **(see Figure 1: Timeline for Bus Reform in West Yorkshire).**

1.1.2: What is Franchising?

Franchising is a legal model where buses are under the control of a local authority (in West Yorkshire this would be the Combined Authority). The franchising model has been in operation in London since 1984 and was introduced in Greater Manchester in September 2023. Under franchising, the Combined Authority would set the routes, frequency, fares and overall standards of buses in our region. The existing commercially led market would be replaced, with private bus operators no longer being able to run most services independently. Bus services would instead be operated under franchise contracts, where bus operators would bid to run the services through a competitive procurement process managed by the Combined Authority.

The legal process required to transition to franchising from a deregulated, commercial market is set out in the Act. The final decision on whether to introduce franchising is a power that sits with the Mayor.

1.1.3: What is an Enhanced Partnership?

An enhanced partnership is a legal model under which private bus operators and local authorities make a legally binding (statutory) plan and schemes which set out a shared vision, targets, and make specific commitments about how they will work together to improve local buses. Under an enhanced partnership, local bus services remain privately owned and operated ('deregulated') and bus operators continue to take revenue from fares and make independent decisions about how bus services are run.

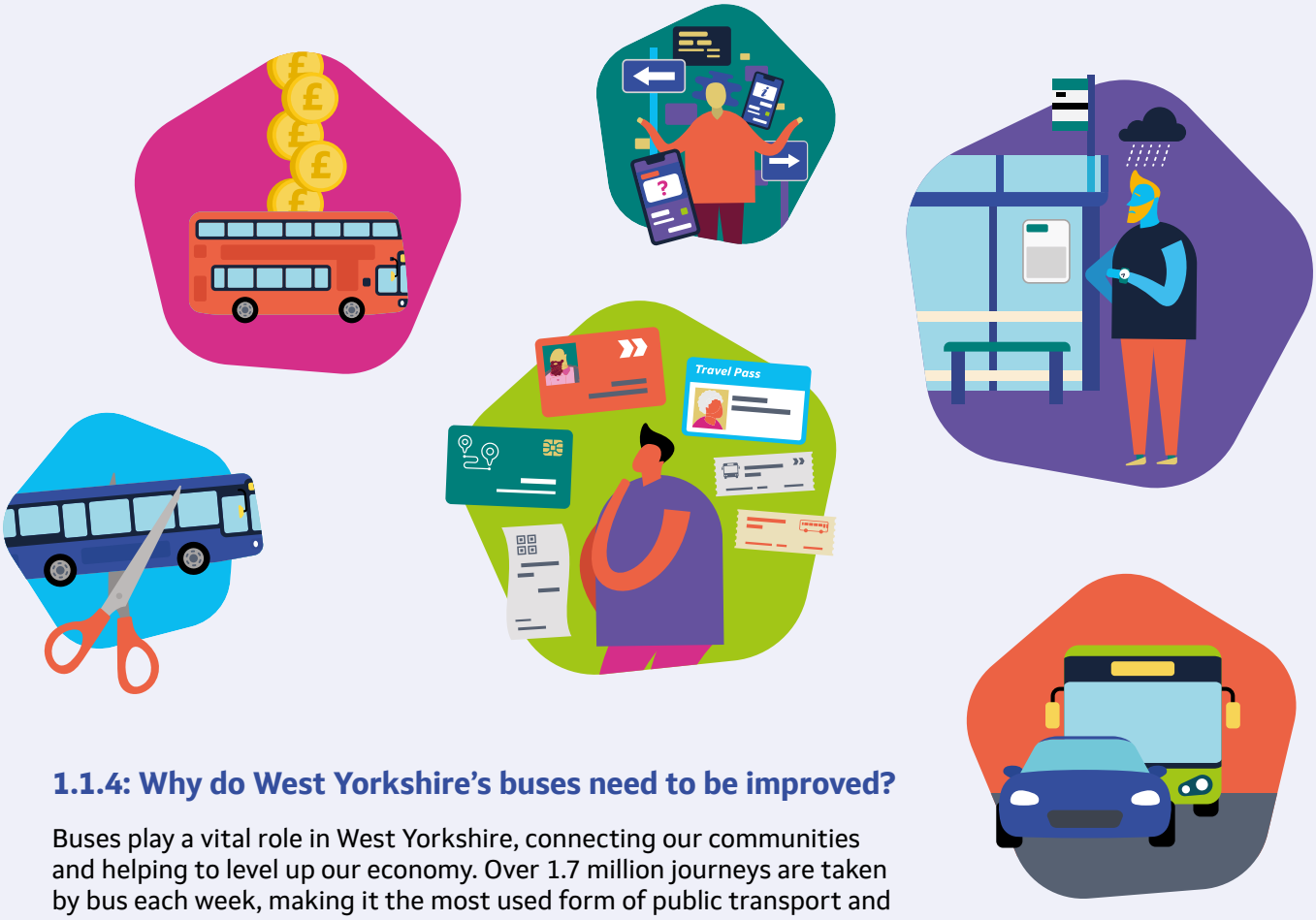
The Act and related legislation specify the proportion of bus operators that have to agree to an enhanced partnership or scheme – and any associated obligations or commitments – before they can be made legally binding. However, once an EP Plan or Scheme has been 'made', all local bus operators must follow it. If they fail to meet the requirements set out, enforcement action can be taken against bus operators, including the cancellation of the registration of a bus operator's services, which would then no longer be able to run. Under the current EP, the Traffic Commissioner has the power to take enforcement action.

In March 2022, the Combined Authority made, in partnership with private bus operators and West Yorkshire districts, an Enhanced Partnership Plan and Enhanced Partnership Scheme. A further Enhanced Partnership Scheme was made in November 2022.

The EP+ set out in this Consultation Document and the Assessment would operate on the same legal basis and is discussed in Section 1.1.7.

Figure 1: Timeline for Bus Reform in West Yorkshire





1.1.4: Why do West Yorkshire's buses need to be improved?

Buses play a vital role in West Yorkshire, connecting our communities and helping to level up our economy. Over 1.7 million journeys are taken by bus each week, making it the most used form of public transport and accounting for 6% of all journeys in West Yorkshire[1].

Despite playing such a key role across West Yorkshire, the number of people travelling by bus is in long–term decline, with bus trips falling from 167.7 million in 2011/12 to 92.3 million in 2021/22. Bus patronage significantly reduced during the pandemic and is still in recovery, currently standing at 84% of pre–pandemic levels[2].

Alongside declining patronage, the bus network is also getting smaller, with the number of miles being operated falling from 60.9 million miles in 2011 to 46.3 million miles in 2021/22[3]. The Combined Authority have also had to contribute more to the running of bus services, rising from £17.1 million in 2018/19 to £21.4 million in 2021/22. Improving buses is a key commitment for the Combined Authority as set out in the West Yorkshire Transport Strategy 2040, Bus Service Improvement Plan and the Connectivity Infrastructure Plan. Buses help people reach health and leisure services, work and learning opportunities, and to see family and friends.

Taking more journeys by bus is a simple way we can all help improve air quality and reduce harmful carbon emissions in our region by reducing the number of cars on our roads and easing congestion.

The Combined Authority set out its ambition for better local buses, and how this would help achieve our goals for the region, in our Bus Service Improvement Plan (BSIP).

1. National Travel Survey 2017-19
2. 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
3. Department for Transport Local bus vehicle distance travelled by local authority, and service type (BUS02c) available at: bus02_mi.ods (live.com)

Published in 2021, the BSIP acknowledged challenges facing local buses and set out a vision for a safe and inclusive bus system, better connected communities, decarbonisation, and integrated, sustainable travel. The BSIP also included a plan of interventions to transform the local bus service for the people of West Yorkshire.

Our ambition for buses recognises the importance of bus and the need for bus services across West Yorkshire. Our BSIP also explore the challenges facing the system and sets these out against the BSIP delivery areas of:

- network, fares and ticketing
- customer service and information
- bus priority
- and greener and better vehicles

This is explored further in section 1.2 (Executive summary – Strategic Case).

The declining patronage and bus network mileage show that the way buses are run now, where private bus operators have primary control over routes, frequencies, fares and standards of our region's buses, is failing to deliver our ambitions for better buses in West Yorkshire and needs to change in order to meet the needs of bus customers and achieve our targets set out in our BSIP.

1.1.5 History of partnership working in West Yorkshire

In West Yorkshire there is a history of partnership working between the public sector and local bus operators. This was first formalised through the Bus18 Partnership, established in 2017, which was later developed into the West Yorkshire Bus Alliance (the Alliance).

The Alliance was initially overseen by a legal agreement called a Voluntary Partnership Agreement (VPA), which is a written agreement entered into between the Combined Authority, local authorities and bus operators which sets out shared commitments for bus in West Yorkshire. In April 2022, an Enhanced Partnership (EP) was made replacing the VPA, which showed a commitment from the Combined Authority, Local Authorities and bus operators to work together to deliver the BSIP. This is explained more in section 4.5.

Whilst all of these partnerships aimed to deliver better outcomes for bus customers, the Combined Authority believe that these partnerships have not delivered the anticipated benefits. They have fallen short of the expected outcomes when the partnerships were first established, particularly around improving the bus network for customers, and encouraging more people to travel by bus.

Our research also shows that there are challenges in the bus system that customers face on a daily basis which the existing EP is failing to respond to effectively. This is supported by feedback received during the **Mayor's Big Bus Chat 2022** which evidenced that there is broad dissatisfaction amongst bus customers regarding the standard of bus service provision in West Yorkshire. This is further supported by the annual West Yorkshire Public Perceptions of Transport Survey **https://www.westyorks-ca.gov.uk/improving-transport/transport-projects/west-yorkshire-public-perceptions-of-transport-survey/** which indicated that speed, reliability, frequency, safety and information are key concerns of both current bus users.

1.1.6: The Proposed Franchising Scheme

The following section introduces the Proposed Franchising Scheme, which is the subject of this consultation.

For the purposes of the Assessment the Combined Authority had to define a Franchising Scheme to enable a comparison of franchising against other options for running buses. For the Combined Authority this compared franchising against:

- the current governance mechanism in the region, an Enhanced Partnership (referred to as the EP Reference Case);
- and a proposed Enhanced Partnership Plus (EP+), reflecting the most ambitious enhanced partnership that could be delivered in West Yorkshire, within the legal restrictions of the model and the funding available.

The key features of the Proposed Franchising Scheme are detailed in section 6. In summary across West Yorkshire this would mean:

- Franchising would cover the whole of West Yorkshire
- All services, including school services, would be contracted through franchising, other than services excepted from the Proposed Franchising Scheme and services subject to the service permit regime (see section 6.5 for more information).
    - Please see Appendix 5, Annex 1 and 2 for the list of services which would be franchised.
    - Please see Appendix 5, Annex 3 for the list of services excepted from the Proposed Franchising Scheme (school services run on a closed basis and rail replacement services)
- The date the Proposed Franchising Scheme is made would be 14 March 2024.
- The date that franchise contracts will be first entered into would be 28 June 2026
- 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 franchising 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 Proposed Franchising Scheme.
- The Combined Authority would take on the farebox and the revenue risk associated with this.
- The Combined Authority would own bus depots and the bus fleet, with a gradual fleet transfer and investment in fleet ownership over time.
- There would be a gradual transition over several years before the whole of West Yorkshire is franchised.
- Contracts would be procured in mixed–size bundles to drive competition and to help small and medium sized bus operators ('SMOs') compete for contracts.

A full description of the Proposed Franchising Scheme is included in section 3 of this Consultation Document. The draft Proposed Franchising Scheme is included at Appendix 5.

What would it cost the Combined Authority to introduce the Proposed Franchising Scheme?

In West Yorkshire, changing to franchising would require an initial, one–off investment by the Combined Authority of £15.1m over four years (transition cost). This would cover things like consultancy, mobilisation, and IT costs. Transition management costs for that four–year period would be an additional £5.3million.

The Assessment also sets out the additional costs to the initial one off transition costs associated with implementing the Proposed Franchising Scheme in relation to investing in depots and fleet, which would be owned by the Combined Authority. The costs are:

- Depot investment of £85.5million
- Fleet investment of £252 million over a 15 year period

Investment in assets (depots and fleet) is likely to be funded through public sector borrowing. Transitional costs and management costs would not qualify for public sector borrowing and it is assumed that these are funded from the Combined Authority's reserves or other revenue funding sources (such as the single investment fund) and repaid over the 15–year appraisal period.

Beyond the initial costs to introduce franchising, funding sources for the ongoing delivery of the Proposed Franchising Scheme include:

- Farebox revenue – the money collected from fare paying passengers
- The Transport Levy – an existing fund made up of contributions from the five West Yorkshire districts
- Government funding – this includes funding the Combined Authority gets to deliver our BSIP and zero emission bus funding
- Bus Services Operator Grant – a government grant paid to operators of eligible bus services and community transport organisations to help them recover some of their fuel costs

1.1.7: The EP+

This section introduces the EP+ which was developed as part of the Assessment as an alternative option for bus reform.

The EP+ aims to be the most ambitious Enhanced Partnership that could be delivered in West Yorkshire, within the legal restrictions of the model and the funding available. It would be based on additional interventions to improve the bus service across West Yorkshire including:

- Qualifying Agreements – this would see targeted interventions on specific routes.
- Taking on Traffic Commissioner Bus Registration Powers – for the Combined Authority to take greater accountability.
- Partnership working to agree on further interventions such as network changes and reinvestment of saved resources.

The development of the EP+ was supported by engagement with operators to understand what bus operators may be able to deliver and commit to under the EP+. The EP+ presented in the Assessment therefore reflect both initial work undertaken by the Combined Authority and additional interventions that came out of partnership discussions with bus operators.

The operator EP+ proposal and letters of support have been published as Appendix 1.3 to the full Assessment document, and these have been considered by the Combined Authority and reflected in the Assessment.

A full description of the EP+ is included in Section 1.2.

What would it cost the Combined Authority to introduce the EP+?

There are additional transition and management costs associated with introducing the EP+ of £1.9 million over a 2–year period. More detail of this included in section 4.4 of this document.

Beyond the initial costs to introduce the EP+, ongoing funding sources for the EP+ include:

- The Transport Levy – an existing fund made up of contributions from the five West Yorkshire districts.
- Government funding – this includes funding the Combined Authority gets to deliver our BSIP and zero emission bus funding.
- Bus Services Operator Grant (for tendered services) – a government grant paid to operators of eligible bus services and community transport organisations to help them recover some of their fuel costs.
- Revenue from tendered supported services (some of which are let on a gross cost contract basis).
- Payments from operators to use the Combined Authority owned bus stations.

There are no assets purchased for the Combined Authority under the EP+ and therefore sources of finance do not need to be considered.

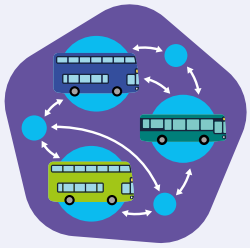
1.2 Executive Summary of Assessment Cases

The requirements of the Assessment are set out by law and include information on the following:

- **Strategic Case** – which explores why buses in West Yorkshire need reform and whether the options considered (the Proposed Franchising Scheme and the EP+) will help us achieve our ambitions for better buses in West Yorkshire, beyond what the EP Reference Case delivers.
- **Economic Case** – which explores the wider economic and social benefits of each option,and whether they offer value for money.
- **Commercial Case** – which explores what the commercial arrangements could be for each option and evaluates these against Commercial Success Factors.
- **Financial Case** – which explores whether the options are affordable based on the money available.
- **Management Case** – which explores the practical aspects of how the options would be delivered by the Combined Authority, including risks and resources required.

The information included in this Executive Summary should provide you with all the information you need to complete the short questionnaire. However, you may wish to read the full Consultation Document. The Assessment is also available to read in full online at www.yourvoice.westyorks-ca.gov.uk/busreform











1.2.1: Strategic case summary

The Strategic Case sets out the reasons why bus reform is needed. It outlines the challenges with the way buses are currently run and assesses the Proposed Franchising Scheme and the EP+ against bus reform objectives and whether the options will better deliver the ambition set out in the Combined Authority's Bus Service Improvement Plan (BSIP).

Strategic context – drivers for change

Bus is the most used public transport mode in West Yorkshire with over 1.7 million trips made per week, however there are significant challenges across the offer to customers. The market has experienced a long–term decline in bus use and a reduction in the size of the bus network. The challenges in the Strategic Case are set out against the delivery areas of the BSIP and include:

- **Network** – bus routes don't always go where and when people need them to and some of the network is not financially sustainable for commercial operators without public sector funding.
- **Fares and ticketing** – there is a need for clear and simple fares as the current offer can be expensive and confusing. Fares are set by bus operators, and they need to deliver better value and flexibility for the bus customers.
- **Customer service and information** – there is no single point of contact for customer information, making it difficult to complain and to access information. The customer experience onboard and during journey planning is not consistent.
- **Bus priority** – there is a lack of priority for buses on our roads leading to poor punctuality and reliability and delays for those using the bus.
- **Greener and better vehicles** – the onboard experience is not consistent for bus customers across West Yorkshire and investment in zero emissions buses is needed to improve air quality and reduce carbon emissions.

Question 1

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

Objectives for Bus Reform

The following bus reform objectives are set out in the Strategic Case and aim to address the challenges which are set out previously. The objectives also build on our ambition set out in our Transport Strategy 2040 (our Local Transport Plan (LTP)) and our BSIP. There are two overarching objectives, with supporting objectives, as set out below.

1: 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.
- **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.

2: 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.
- **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.
- **Greener and better vehicles:** improving the onboard experience and making bus a sustainable choice for travel in West Yorkshire.

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.

Options for Bus Reform

The National Bus Strategy 2021 set out the requirement for LTAs to produce and publish a BSIP and make an enhanced partnership (other than Mayoral Combined Authorities that had already commenced the statutory franchising process under the Act) to continue to access central government funding. These are therefore the two bus reform options available to the Combined Authority.

The options set out in the Assessment have been developed to address the challenges and achieve the bus reform objectives set out in the Strategic Case. The Assessment therefore assesses the two bus reform options, the Proposed Franchising Scheme and the EP+, against the EP Reference Case (the existing EP).

- **The Proposed Franchising Scheme** would replace the existing deregulated, commercial model and the Combined Authority would receive full farebox revenue (money from paying passengers), own depots, and vehicles, with a gradual transfer to a region wide franchising scheme over a number of years.

- **The Enhanced Partnership Plus (EP+)** is the same model for running buses as is already in place within West Yorkshire but aims to push commitments and ambitions as far as is legally possible with the commercial, deregulated market. The EP+ has been prepared for the Assessment and reflects initial work of the Combined Authority and additional interventions that came out of partnership working with bus operators. This is supported by the submission of the EP+ proposals from West Yorkshire Bus Operators (WYO) which can be seen at Appendix 1.3 of the Assessment.

Bus reform options and Combined Authority influence

The key ways in which the Combined Authority can influence the way bus services are run across the two bus reform options are set out in the table below.

Table 2 – Key ways the Combined Authority will be able to influence the way bus services are run

BSIP delivery area	Proposed Franchising Scheme	The EP+
Network	Ability to set routes, frequencies and manage the performance of franchise contracts to improve the network for customers. Some day one changes to the network. Performance regime to be included in franchise contracts to ensure bus operators comply with contractual terms. Deciding how the bus network integrates with other transport modes (e.g. rail)	Making Qualifying Agreements with operators including specifying route requirements (such as frequency) to improve the bus network. Some day one changes to the network (subject to operator agreement). Bus Registration powers transferred to the Combined Authority (from the Traffic Commissioner) for greater accountability. Partnership working with bus operators through proposed Network Management Group to agree network changes.
Fares and Ticketing	Ability to set fares and simplify customer offer through single retailer.	Proposed further capping schemes and standardisation of ticketing products (subject to public sector funding and operator agreement).
Customer Service and Information	Ability to launch single brand with single app and point of customer contact.	Joint operator and Combined Authority communications and marketing including unifying brand. Single point of customer contract.
Bus Priority	Network powers allow for better alignment with bus priority measures to give buses more priority on our roads.	Aligning bus priority with EP+ schemes and bus route requirements. Partnership working through Bus Priority Oversight Group.
Greener and Better Vehicles	Ability to set standards and specifications through franchise contracts, Combined Authority led transition to zero emission fleet.	Partnership led investment, specification of zero emission corridors. Agreeing with operators a shared new vehicle specification.

Strategic Case conclusion

Measured against our bus reform objectives, both the EP+ and the Proposed Franchising Scheme deliver better outcomes for bus customers than the EP Reference Case. Both options also better deliver against the Combined Authority's policies and strategies.

There are clear benefits of working in partnership with operators, but all of the proposed improvements under the EP+ depend on operator agreement, and in some cases additional public sector funding. This creates less certainty of being able to deliver interventions under the EP+.

The Strategic Case concludes that the Proposed Franchising Scheme delivers the greatest strategic benefits and best aligns to the Combined Authority's strategies for buses and the wider transport system in West Yorkshire largely due to the certainty and control it gives to the Combined Authority in delivering bus services.

The full summary of the Strategic Case is in Section 4.1 of this Consultation Document.

Question 2

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

1.2.2: Economic Case summary

The Economic Case appraises the economic impact of the bus reform options and the Value for Money (VfM) for the Combined Authority. The case analyses differences between the options and looks to quantify and monetise benefits.

The Economic Case considers the benefits for passengers, bus operators, the Combined Authority and wider society across the EP+ and the Proposed Franchising Scheme, alongside the costs to the public sector over a 40–year period. The economic model assesses benefits and costs through the two bus reform options compared to how buses are run now, the EP Reference Case.

Economic Case – methods and results

The following methods were used to assess the impacts:

- **Net Present Value (NPV)** – costs subtracted from the benefits, a positive NPV means the option has more benefits compared to cost.
- **Benefit Cost Ratio (BCR)** – this is calculated by dividing the benefits by the costs – a higher BCR would mean there is greater benefit achieved for every pound spent by the Combined Authority.

The performance of each option is presented within the Economic Case in the following table.

Table 3 – Economic appraisal of bus reform options

Method	EP+	Franchising
Present value of benefits (PVB)	£620.3m	£950.1m
Present value of costs (PVC)	£114.0m	£221.9m
Net Present Value (NPV):	£506.3m	£728.2m
Benefit Cost Ratio (BCR)	5.4	4.3

Both the EP+ and the Proposed Franchising Scheme were considered under numerous scenarios which included different levels of passenger numbers and available funding.

It is important to note that across the modelling of all three options, bus use is assumed to continue to decline, in line with historic trends. However, both the Proposed Franchising Scheme and the EP+ would somewhat slow this rate of decline when compared to the EP Reference Case, with the former doing this to the greatest extent. Further investment and policy interventions would be required to grow patronage, in line with the Combined Authority's strategic ambitions, but these sit outside the scope of this economic assessment of the way buses are run.

Economic Case Conclusion

Overall, both the Proposed Franchising Scheme and the EP+ were judged to have 'very high' value for money, taking into account the economic assessment. Compared to the EP Reference Case, both bus reform options were forecast to generate economic benefits considerably and robustly higher than the costs required to implement each option.

The full summary of the Economic Case is in Section 4.2 of this Consultation Document.

Question 3

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

1.2.3 Commercial Case summary

The Commercial Case outlines the commercial arrangements required for buses to be run under each bus reform option and considers issues around procurements, roles and responsibilities and how franchised services would be rolled out (packaged) across West Yorkshire.

The Combined Authority has developed a set of Commercial Success Factors (CSFs) which build on the objectives set out in the Strategic Case. These CSFs look to identify which option best creates competition and enables a commercially attractive deal linking to:

- **Transport authority influence** – Combined Authority investment results in the intended bus network outcomes.
- **Best value** – the option balances price and quality impacting affordability for bus customers.
- **Driver of competition between operators** – there should be good competition between operators and all operators (including SMOs and new entrants) should be able to participate, leading to better quality and value for the Combined Authority.
- **Appropriate risk allocation** – risks should be the responsibility of either the public or private sector and should be managed by those most capable of doing so.
- **Ease of implementation** – the option needs to be practical and sustainable.

The current commercial model for running buses in West Yorkshire is a deregulated market. As of 2022, this is supported by an Enhanced Partnership between the Combined Authority and private bus operators. Under this arrangement, the majority of roles and responsibilities sit with operators including bus service specification and branding, owning (or leasing) fleet, providing depots, setting of standards, timetabling of routes and customer service.

Proposed Franchising Scheme – how buses would be run

The Commercial Case considers the commercial model for the Proposed Franchising Scheme, which explains how buses would be run. Under the Proposed Franchising Scheme, the existing commercial market would be replaced, and bus operators would bid to run bus services through a competitive procurement process managed by the Combined Authority. The Commercial Case includes information on how franchises could be rolled out across West Yorkshire (packaged), franchise contract length, the procurement process and the approach to obtaining assets including fleet and depots.

To make it easier to implement the Proposed Franchising Scheme, the Combined Authority would split the region into ten geographical areas (zones). These zones are further divided into groups of bus services (lots) which would be procured under separate franchise contracts. These lots would be of differing sizes to aid competition and allow a full range of operators to bid for contracts.

The Combined Authority would look to procure the first round (groups of zones) of lots in 2025–26 with all franchise contracts being in place by 2028.

The Combined Authority would take on additional risks and responsibilities under the Proposed Franchising Scheme including service specification (deciding on which bus routes to run), branding, revenue protection, timetabling of routes and being the sole contact for customer services.

The Combined Authority would look to own and control fleet and depots in the Proposed Franchising Scheme. To support competition and reduce barriers for bus operators, the Combined Authority would look to control strategically important depots and would provide buses to operators who have secured franchise contracts. Bus operators would be responsible for maintaining buses to specified standards and provide these back to the Combined Authority at the end of the franchise term. Investment in new buses would be undertaken over time, with all new buses being zero emission.

Question 4

The Commercial Case sets out how the Proposed Franchising would be run commercially. Do you have any comments on this?

The EP+ – how buses would be run

The Commercial Case also assesses the EP+, acknowledging that under this option buses would be run under the same commercial model as they are now, with some changes to the way the bus network is managed. This would see the responsibility for service specification, timetabling and assets remaining with private bus operators. Private bus operators would also remain responsible for managing revenue risk.

The EP+ option has been developed through engagement with local bus operators who are supportive of the model, therefore there can be a level of confidence in the market to deliver it. However, the delivery of the EP+ is dependent on further operator agreement to deliver some interventions and reliant on additional public sector funding meaning there is a risk to its long–term commercial sustainability.

Commercial Case conclusion

The Commercial Case concludes that the Proposed Franchising Scheme allows for greater control of the outcomes of the bus network and management of services, however there are several new risks that the Combined Authority will need to manage. The EP+ interventions continue to be subject to operator agreement and therefore this model may not be achievable easily.

The full summary of the Commercial Case is in section 4.3 of this document.

1.2.4: Financial Case summary

The Financial Case looks at the financial implications of the two options for bus reform (the Proposed Franchising Scheme and the EP+) and compares them to the current EP Reference Case to understand whether the Combined Authority would be able to afford the transition to and the ongoing operation of the two bus reform options.

The Financial Case considers what level of bus service provision can be provided under each option for the same amount of funding available, consistent with existing budgets – including farebox revenue. It also considers any capital investment (costs for buses and depots), transition costs (including management and consultancy resources) and any additional operating costs.

All options also assume a continued decline in passenger numbers and increasing operating costs resulting in decreasing commercial viability and therefore a reduction in the size of the bus network provided.

The Financial Case also sets out a range of funding and finance sources that are available to the Combined Authority to fund services under the reform options – including existing and additional sources which could be considered. The use of any of these sources will be subject to further discussion and agreement, following a decision to implement either of the options.

Proposed Franchising Scheme – financial overview

Under the Proposed Franchising Scheme there are significant additional costs, associated with changes in the current way buses are run and the different role of the Combined Authority. There are transition costs, including transition management costs, which are estimated to be £20.4million over a four–year period to 2027/28. There will also be upfront costs associated with the capital investment in fleet (buses) and depots. The upfront costs associated with depots is £85.5 million, with investment in fleet totalling £252 million over 15 years.

The capital costs of fleet and depot associated with the Proposed Franchising Scheme would be financed through local authority borrowing. Reserves and other revenue sources would fund the remainder of the transitional costs.

EP+ – financial overview

Under the EP+ there is also an associated transition cost of £1.9million, including transition management costs. Under the EP+ there are no Combined Authority costs associated with purchase of fleets and depots as these remain owned by operators.

Financial Case Conclusion

Under all options, and reflective of the Economic Case assumptions of passenger decline, a continual reduction in bus services would be required to account for reducing passenger fares revenue and a need to only spend within the limited funds available to run buses.

The Financial Case concludes that, considering the revenue and funding available under each option, both the Proposed Franchising Scheme and the EP+ are affordable to the Combined Authority. Further, the Proposed Franchising Scheme will bring greater benefits than the EP+ due to the ability to deliver more network improvements, however this needs to be balanced against the increased financial risk the Combined Authority will take on in managing passenger fare revenue and assets.

The full summary of the Financial Case is Section 4.4 of this Consultation Document.

Question 5

The Financial Case concludes that the Combined Authority could afford to introduce and operate the Proposed Franchising Scheme, but this carries additional financial risk. Do you have any comments on this?

1.2.5. Management case summary

The Management Case explores what additional resource, skills and capabilities the Combined Authority would need to deliver the Proposed Franchising Scheme or the EP+. It also sets out how the Combined Authority would manage and mitigate key risks under each bus reform option.

Currently, the Combined Authority has dedicated teams for supporting the running of local buses – around 193 full time equivalent (FTE) roles in total – which could be added to if it takes on greater roles and responsibilities.

The Proposed Franchising Scheme – how it would be managed

The Proposed Franchising Scheme would create new and greater responsibilities for the Combined Authority, with extra resource, skills and capabilities required across the following areas: bus services, financial processing, the customer contact centre, service development, facilities and assets, data analysis and education transport. It would also have to manage a greater role in ticketing and fares, identity and branding, public perception of bus and behaviour change, driver training and IT provision. In order to provide sufficient capacity and expertise to cover these responsibilities an additional 68.5 FTE roles would be required, costing an additional £2.9 million per year.

The Management Case considers how the proposed resource would be managed through transition, seeing additional staff being introduced gradually over a four–year transition period. The Proposed Franchising Scheme would also require a dedicated transition team. More detail on this is included in section 3 of the Management Case.

EP+ – how it would be managed

Additional resource would also be required to deliver the EP+ due to the additional responsibilities which would be taken on by the Combined Authority. This resource would be required across the following areas: financial processing, data analysis, service development and bus services. The Management Case sets out the requirement for an additional 25.5 roles to deliver the EP+, costing an additional £1.1 million per year. There would be a gradual transition with additional staff being introduced over a two–year period.

Management risks

Both Franchising and the EP+ have significant management risks which need to be carefully considered across different stages of delivery. The Combined Authority already has processes in place to help it manage the many different risks associated with the range of services, programmes, and projects that it delivers. These processes would also be used to help manage the risks associated with the Proposed Franchising Scheme or the EP+, as well as to track whether the planned benefits are being delivered.

Consultation

The Management Case also sets out how the Combined Authority would consult users of local buses to see how well the Proposed Franchising Scheme is working. This would include consultation during transition, and implementation, as well as during ongoing operation and in the event of any proposed changes to the scheme. Consultation would also form part of the ongoing Monitoring and Evaluation of either of the options, if implemented, to check they were delivering against the objectives and benefits set out in the Strategic and Economic Cases.

Management Case Conclusion

The Management Case concludes that Franchising would involve an increase in responsibilities and require new employees, but this can be managed through the Combined Authority's existing organisational structure. The changes required to deliver the EP+ would be more limited in comparison, but it is likely that there would be some duplication of roles between the Combined Authority and private bus operators under this option. The Management Case concludes that both bus reform options are deliverable by the Combined Authority.

The full summary of the Management Case is in section 4.5 of this Consultation Document.

Question 6

The Management Case sets out how the Combined Authority would manage the Proposed Franchising Scheme. Do you have any comments on this?

1.2.6.: Assessment conclusion

Following analysis of the two bus reform options across all five cases, the Assessment concludes that the Proposed Franchising Scheme offers clear strategic benefits and greater opportunity to achieve the Combined Authority's objectives and ambitions for West Yorkshire, compared to the EP Reference Case and the EP+.

However, the Assessment is clear that the Proposed Franchising Scheme requires significant capital investment by the Combined Authority and has key risks including:

- Financial risks related to having the responsibility for managing budgets and farebox revenue.
- Managing the change in how buses are run (transition) and procuring franchised bus services.
- Purchasing and managing buses and depots.
- Ensuring the Combined Authority has the required skills and resources to deliver the change in how buses are run.

The Assessment also concludes that the EP+ would offer increased benefits beyond the EP Reference Case. This would have less risk for the Combined Authority but is ultimately still dependent on being able to agree its delivery with bus operators and additional public sector funding for some of the interventions proposed. This means that the EP+ has less certainty and there is less control over delivering the impacts set out in the Strategic Case. The EP+ has been informed by engagement with local bus operators who are supportive of working with the Combined Authority to deliver it, but there remains a risk that not all of the benefits assumed would actually be delivered.

Both the Proposed Franchising Scheme and the EP+ would, according to the assessment, be justifiable options in terms of delivering Value for Money and are both affordable and deliverable. Despite this, modelling shows that across all options, the challenge of ongoing bus patronage decline would remain and may require service cuts unless further investment and / or interventions are applied to significantly increase passenger demand and / or cover the cost of maintaining current service levels. However, both the Proposed Franchising Scheme and the EP+ would slow this rate of decline, with the former doing this to the greatest extent.

Furthermore, the Assessment shows that across all options, including the EP Reference Case, the public sector will be increasingly relied on to financially support the bus sector over time – the Proposed Franchising Scheme is identified as providing the greatest levels of control and direct influence to manage this.

The Assessment concludes that the Proposed Franchising Scheme is the preferred option for the Combined Authority to progress with subject to the outcome of this statutory consultation, which will inform a report and final recommendation to the Mayor of West Yorkshire.

1.3 Equality Impact Assessment

Under the Equality Act 2010 the Combined Authority is required in the exercise of its functions to have due regard to the need to:

- Eliminate unlawful discrimination, harassment and victimisation
- Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it
- Foster good relations between those who have a relevant protected characteristic and those who do not

The Combined Authority undertook an Equality Impact Assessment (EqIA) to understand any impact the Proposed Franchising Scheme would have on those with protected characteristics. The EqIA is available to read as Appendix 4 to the Assessment.

The protected characteristics that are acknowledged as being impacted by the Proposed Franchising Scheme are: age; disability; gender reassignment; pregnancy and maternity; race; sex; and sexual orientation.

The EqIA concludes that the Proposed Franchising Scheme would have a positive impact on protected characteristics of age, (especially younger and older people), disability (people with physical and sensory impairments), gender reassignment, race, sex (particularly women), sexual orientation, and pregnancy and maternity.

This positive impact is largely due to the ability for the Combined Authority to offer a greater level of customer consistency across a variety of areas that impact protected characteristics. The Proposed Franchising Scheme could bring benefits such as improvements and consistency in customer information, onboard bus standards and accessibility, safety before and during travel, and the pricing of tickets. The control the Proposed Franchising Scheme offers over the network (such as the setting of service frequencies and routes) could also help resolve some of the issues such as safety and difficult interchange which were identified in the EqIA.

The EqIA also highlights the desire to further understand the needs of customers through considering future opportunities to collect passenger feedback. No impact, or neutral impact was seen across the protected characteristics of religion or belief, marriage and civil partnership. The EqIA is a live document so further understanding will be fed in and if the Proposed Franchising Scheme is made, the EqIA will be reviewed after 12 months of implementation.

Question 7

The Combined Authority's draft Equality Impact Assessment identifies the potential impact of the Proposed Franchising Scheme on persons with protected characteristics. Do you have any comments on it?

1.4 Executive Summary – conclusion

This Executive Summary has set out the key conclusions from the Combined Authority's Assessment. It has provided information on the Proposed Franchising Scheme and a summary of the EP+, alongside a summary of each of the five business case elements and the conclusions reached. In addition, it provides details of the EqIA carried out on the Proposed Franchising Scheme.

The Assessment conclusion sets out that both Franchising and the EP+ can improve bus services in the region, but the Proposed Franchising Scheme can better deliver against the Combined Authority's ambitions for better buses in West Yorkshire by providing more certainty and control in delivery.

Based on the information provided across the Executive Summary there are some summary questions set out below.

Question 8

Overall, to what extent do you support or oppose the introduction of the Proposed Franchising Scheme? Why do you say this?

Question 9

Are there any changes that you think would improve the Proposed Franchising Scheme?

Question 10

Do you have any further comments?

2. Introduction to the Bus Reform Assessment



2. Introduction to the Bus Reform Assessment

This section introduces the legal requirements and statutory process associated with bus reform, updating consultees on progress to date and how this aligns with wider work and our overall vision for bus in West Yorkshire. This section includes:

- 2.1. Legal requirements and statutory process
- 2.2. How buses are run now
- 2.3. Vision for bus and supporting policy
- 2.4. Summary

2.1. Legal requirements and statutory process

The Transport Act 2000 as amended by the Bus Services Act 2017 ('the Act') is an Act of Parliament of the United Kingdom and sets out powers for local transport authorities (LTAs) to improve journeys and get better value for taxpayers and passengers by reforming the bus market.

The bus reform options under the Act include franchising, the model that is used in London and other cities in Europe, in which LTAs are able to determine the bus services provided. Franchising allows LTAs to set fares, routes, timetables and standards and award franchising contracts to operators who run services on behalf of LTAs.

For Mayoral Combined Authorities, such as the Combined Authority, franchising powers are automatically available with the decision whether or not to introduce a Franchising Scheme taken locally. In West Yorkshire, the decision on whether or not to make the Proposed Franchising Scheme will be made by the Mayor of West Yorkshire.

The legal process to be followed by LTAs when preparing a bus reform assessment is detailed in the Bus Services Act 1017 Franchising Scheme Guidance ('the Guidance'). **https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/918664/bus-services-act-2017-franchising-scheme-guidance.pdf**

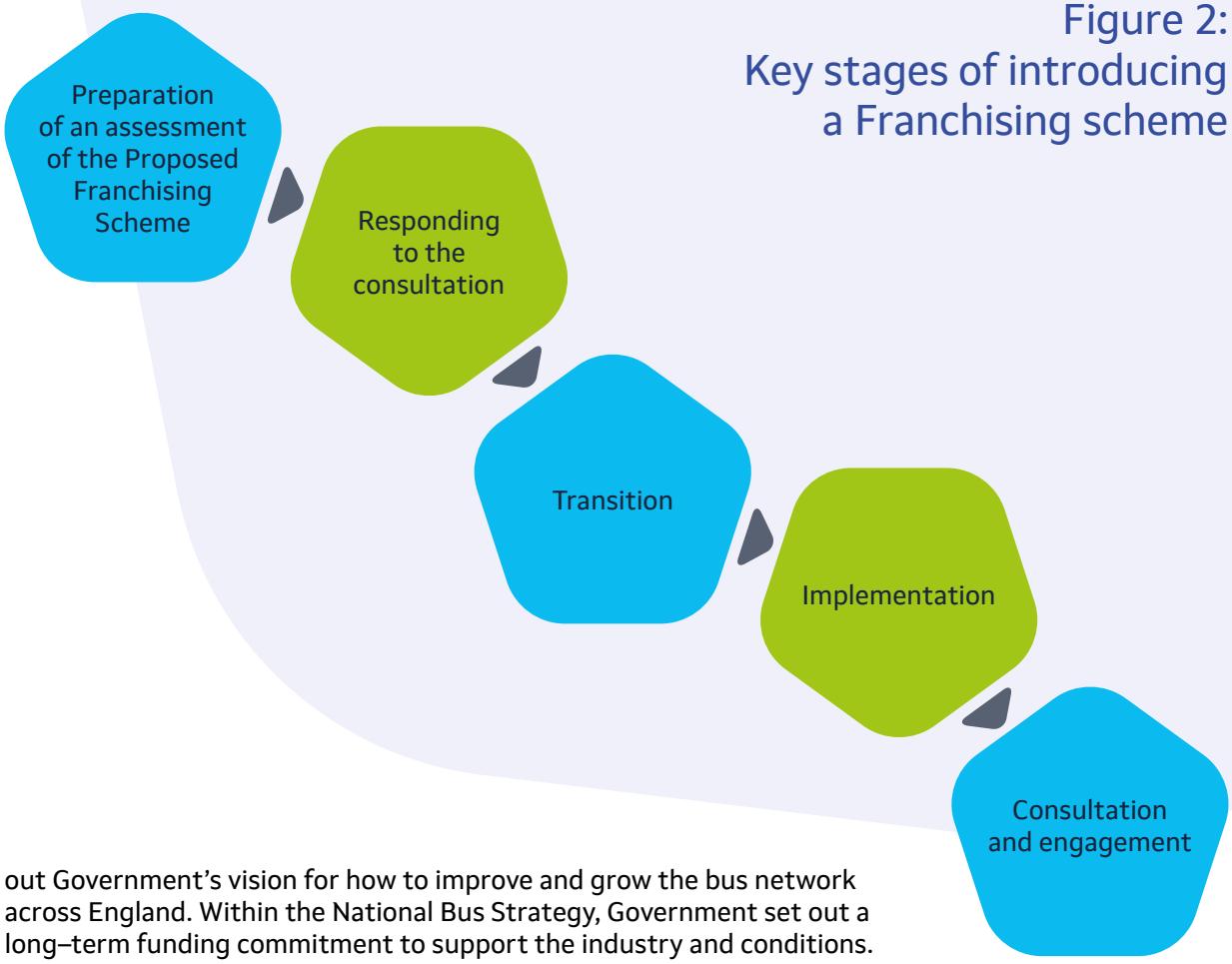
The Guidance outlines the legal process that an authority is required to follow before they can introduce franchising in an area. This consists of five key stages, as summarised in **Figure 2: Key stages of introducing a Franchising scheme**

The first step, the Assessment, is the subject of this consultation. The Assessment is comprised of a five–case business case (Strategic, Economic, Commercial, Financial and Management Cases) which sets out the context and objectives of bus reform before working through details of two bus reform options (the EP+ and the Proposed Franchising Scheme) compared against the EP Reference Case (how buses are run now) including a value for money and affordability assessment.

This Consultation Document supports the second stage – consulting and engagement on the Assessment, including the Proposed Franchising Scheme. The purpose of this stage is to inform the Mayor's decision on whether or not to make the Proposed Franchising Scheme, with or without modifications. The Assessment, alongside the consultation responses, are designed to help the Mayor come to a decision.

The legal requirements set out in the Guidance should be considered against more recent national policy such as the Bus Back Better: the National Bus Strategy for the country (published by the Department for Transport in March 2021) which set

Figure 2: Key stages of introducing a Franchising scheme



out Government's vision for how to improve and grow the bus network across England. Within the National Bus Strategy, Government set out a long–term funding commitment to support the industry and conditions. To receive funding from central Government, LTAs were required to produce and publish a Bus Service Improvement Plan (BSIP) and make an enhanced partnership (other than Mayoral Combined Authorities that had already commenced the statutory franchising process under the Act).

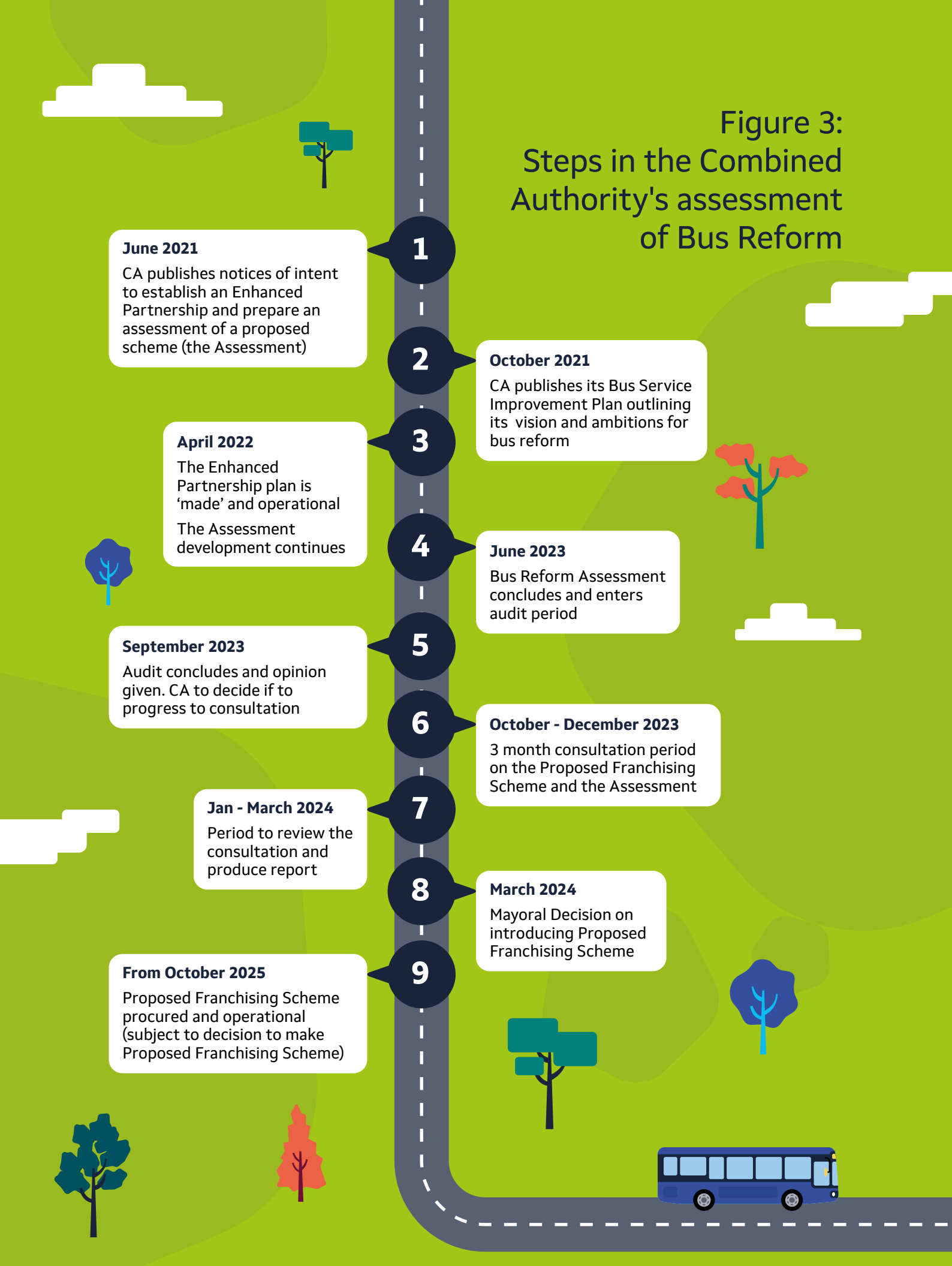
Locally, the policy context which shapes the bus reform options includes the West Yorkshire Transport Strategy 2040 (Local Transport Plan), including the Bus Strategy 2017, and the BSIP as well as the electoral pledge of the current West Yorkshire Mayor, Tracy Brabin, to 'bring buses back under public control, introduce simpler fares, contactless ticketing and greener buses'.

The Combined Authority triggered the statutory franchising process by issuing a Notice of Intent to prepare an assessment of a Proposed Franchising Scheme in June 2021 in accordance with section 123C(4) of the Act. The resulting Assessment (the subject of this document) is a stage in the statutory process of assessing a franchising scheme.

The Combined Authority commenced the Assessment in 2022, completing this in May 2023. The Proposed Franchising Scheme emerged as the preferred option, showing greater strategic potential to deliver against objectives of the Combined Authority. In May 2023 the Combined Authority approved progression to independent audit of the Assessment which was concluded in September 2023. The Auditor's report on the Assessment, prepared in accordance with section 123D of the Act, is included in this document at Appendix 3. A summary of the outcome of the audit process as set out in section 6 below.

The statutory process in West Yorkshire in respect of the development of the existing Enhanced Partnership and the Assessment is summarised in the following timeline: **Figure 3: Steps in the Combined Authority's assessment of Bus Reform.**

Figure 3: Steps in the Combined Authority's assessment of Bus Reform



2.2. Vision for bus and supporting policy

The Combined Authority works in partnership with local authorities and business partners to deliver policies and programmes which directly benefit the people of West Yorkshire.

This is achieved by:

- Working in partnership with the local authorities, West Yorkshire Police, business and our network of suppliers and partners
- Knowing and understanding our customers, communities and places
- Putting 'outcomes for West Yorkshire' at the heart of everything we do
- Prioritising our work based on what's best for the collective whole
- Using data to make sure our projects and programmes impact the things that matter

Our vision is to create a West Yorkshire that is prosperous, well connected, safe, inclusive and a hotbed of creativity and sustainability. To achieve this we will:

- Prioritise initiatives which drive inclusive and sustainable economic growth and prosperity
- Promote innovation, internally and across the region
- Give focus to tackling the climate and environment emergency through every initiative
- Drive towards an efficient, world class transport system
- Continue our focus on delivering world class policing and enhanced community safety
- Provide a consistent and unified 'voice of the region', enabling West Yorkshire and the Mayor to proactively have an influence in central government

The West Yorkshire Transport Strategy 2040

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.

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.

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.

The LTP is supported by the West Yorkshire Bus Strategy (adopted in 2017), setting out the long term ambition for bus in West Yorkshire and what the Combined Authority want to the bus system to achieve. The West Yorkshire Bus Strategy 2017 is further supported by the BSIP with the consistent themes of economy, environment and people and place running throughout these three documents.

Bus Service Improvement Plan

The National Bus Strategy required LTAs to set out their intent to establish an enhanced partnership or franchising scheme to continue to receive funding support for local buses. LTAs were also required to set out a local vision for bus through a BSIP.

The Combined Authority's 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 the heart of a thriving and inclusive regional economy where everyone can build great businesses, careers, and lives.

The West Yorkshire BSIP 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.

These policy priorities are framed across five delivery areas, these are:

- A radically enhanced, fully inclusive and more cohesive bus and public transport network (referred to as Network)
- Clear and simple fares (referred to as Fares and Ticketing)
- Improved, more inclusive customer service and support (referred to as Customer Service and Information)
- Priority for buses on our roads (referred to as Bus Priority)
- More green and better vehicles (referred to as Greener and Better Vehicles)

The BSIP forms the foundation of local policy on which bus ambitions are set and is the policy context for the Assessment.

Partnership working in West Yorkshire

There is a history of partnership working between bus operators and the Combined Authority. A timeline of this partnership working is set out in **Figure 4: Partnership working in West Yorkshire**. The West Yorkshire Bus Strategy 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 Bus Strategy.

To complement shared objectives in the Bus Strategy, Bus18 was launched in 2017. Later this partnership evolved into the West Yorkshire Bus Alliance, which saw the establishment of a Voluntary Partnership Agreement with operators in 2019. In 2022, following the release of the National Bus Strategy which set new parameters for local authorities to receive central government funding, the existing Enhanced Partnership was made.

Figure 4: Partnership working in West Yorkshire

Bus18
2017

Bus18 was a joint initiative to improve customer satisfaction and passenger experience for West Yorkshire bus users.

It saw the Combined Authority work with Arriva, First and Transdev to make bus travel in West Yorkshire better.

Achievements included the introduction of the £2.75 countrywide MyDay bus ticket for under 19s, guarantees by operators to provide a free travel voucher for any passengers not happy with their journey and introduction of retrofitted buses through partnership bids for government funding.

Bus Alliance
2019

The West Yorkshire Bus Alliance brought together the Combined Authority and bus operators in West Yorkshire.

The Alliance aimed to make improvements to bus services in order to provide a better experience for the passenger and encourage more people to travel by bus.

This saw the signing of a Voluntary Partnership between the Combined Authority and bus operators.

Enhanced Partnership
2022

In April 2022, the Combined Authority made an Enhanced Partnership with operators.

This is a statutory partnership between the Combined Authority, West Yorkshire local authorities and bus operators in the region.

The EP sets clear targets and standards so all parties can work together to improve bus services and increase bus use.



2.3. Summary

This section has introduced the statutory requirements relating to the Assessment and outlines the steps taken by the Combined Authority in following the Guidance.

The policy context for the Assessment is detailed, which outlines the vision for bus in West Yorkshire grounded in the West Yorkshire Transport Strategy 2040 and the BSIP. These policies demonstrate the ambition for West Yorkshire in having a bus system that contributes strongly to improvements across the economy, environment, and people and place.

It is recognised the progress that West Yorkshire has made in relation to partnerships with operators and related parties, demonstrating the ambition of the Combined Authority to better run bus services across the region.

3. Description of the Proposed Franchising Scheme



3. Description of the Proposed Franchising Scheme

This section describes the Proposed Franchising Scheme which is set out in Appendix 5. This section provides the following details:

- 3.1. What is it?
- 3.2. Where is it?
- 3.3. How will the scheme be implemented?
- 3.4. Which services will be included?
- 3.5. When would this happen?
- 3.6. Who will be consulted on the Proposed Franchising Scheme

3.1. What is it?

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

- The date on which the franchising scheme is made, this is expected to be 14 March 2024
- The date the franchising scheme will come into operation, this is expected to be 28th June 2026
- Details on franchise contracts including the minimum mobilisation periods (the time between a contract start date and buses being on the road) which will be nine months in West Yorkshire
- Information of the routes included in the franchising scheme and services which will not be included (see Annex 1, 2 and 3 of Appendix 5)

The Proposed Franchising Scheme sets out the franchised bus network, with franchising powers allowing the Combined Authority to determine service frequencies and timetables for these routes.

Bus operators would bid to run the bus services included in the Proposed Franchising Scheme through a competitive procurement process managed by the Combined Authority.

Franchised bus services would be operated by bus operators under franchise contracts, with the Combined Authority able to set routes, fares, frequencies and customer service standards.

Once the Proposed Franchising Scheme is in place all services will be required to operate under franchise contracts, be excepted from the scheme or have been granted a service permit (see section 3.5).

3.2. Where is it?

The Proposed Franchising Scheme will cover the whole geography of West Yorkshire and the entire region will become part of the scheme at the same time; however, bus service contracts will be rolled out across multiple rounds over a staggered period of time (see section 3.3). Being West Yorkshire wide aligns the scheme with existing policies and strategies and reflects the ambition set out in the Combined Authority's BSIP and the subsequent Enhanced Partnership Plan.

By covering the whole of West Yorkshire, the Proposed Franchising Scheme reflects the inter–connected nature of the region's bus network and travel demand, which operates across corridors and district council boundaries. It also demonstrates that the challenges outlined are felt across the whole of West Yorkshire and improvement is required across the region.

Question 1

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

3.3. How will the scheme be implemented?

Proposed Franchising scheme – zones

To manage the transition to the Proposed Franchising Scheme, bus service contracts will be rolled out gradually across West Yorkshire. To manage and plan for this to happen, West Yorkshire has been divided into ten geographical areas (zones). These zones (see Figure 5 below) are based on the existing bus network and bus destinations and the zones are centred around existing large depot locations. Note that Leeds has been split into three zones due to the size and number of bus services operating within the district, which is not reflected in the map below: **Figure 5: Map of West Yorkshire – Proposed Franchising Scheme zones**.

Figure 5: Map of West Yorkshire – Proposed Franchising Scheme zones



Proposed Franchising Scheme – lotting strategy

To effectively manage and plan the transition, each zone will be split into lots. Within each zone, there will be three categories of lots: Category A, B & C:

- **Category A Lots** – a single large lot in each zone, linked to a large depot. These are expected to provide opportunities for large operators and will have 45 –100 vehicles operating from the depot.
- **Category B Lots** – numerous smaller lots in each zone for low frequency bus services. These are expected to provide opportunities for small and medium sized operators (SMOs) and will have 1 – 45 vehicles operating from each depot.
- **Category C Lots** – numerous smaller lots for single services and school contracts, with a single vehicle operating from each depot.

Proposed Franchising scheme – procurement rounds

Franchising will be implemented through procuring zones in groups across several procurement rounds. The proposed approach is to undertake procurement across three rounds, each of which covers three or four zones. The preferred option for ordering the rounds of procurement are as follows:

- **Round 1** – Heavy Woollen, Kirklees, Leeds 3
- **Round 2** – Five Towns, Leeds 1, Wakefield
- **Round 3** – Bradford, Calderdale, Keighley, Leeds 2

The Proposed Franchising Scheme would see the introduction of the first franchised services on 28th June 2026. Contracts will be put out for competitive tender for bus services, procuring several zones at once through the rounds proposed above.

Further information on the approach to splitting the geography of the West Yorkshire into ten zones and procuring franchised services across three rounds can be seen in the Lotting Strategy which is included as Appendix 3.1 of the Assessment. A summary of this is also included in Section 5.2 of the Commercial Case of the Assessment.

Question 2

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

3.4. Which services will be included?

Services to be included

The Proposed Franchising Scheme would apply to all services across West Yorkshire (other than services excepted from the Proposed Franchising Scheme and services to which the service permit scheme would apply, as detailed below). This would include school services, with the approach to this set out in more detail in section 5.2 in the Commercial Case of the Assessment and in Annex 1 and 2 of Appendix 5 to this document, the draft Proposed Franchising Scheme.

The services listed in Annex 1 and 2 reflect those included within the modelling for the Assessment. This ensures that the list of services reflects those which were included in the network considered for the Assessment. These lists may need to be updated after the conclusion of this consultation and prior to the Proposed Franchising Scheme being implemented to reflect changes to the bus network in the interim.

Question 3

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

Services that are excepted

There will be several services which will be excepted from the Proposed Franchising Scheme, these include:

- school services that are run on a closed basis (only students, teachers and supervisors are allowed on these buses)
- a local service where a railway service has been temporarily interrupted (rail replacement services)

Full details of those services that are excepted can be found in Annex 3 of Appendix 5.

Question 4

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

Service permit regime

A service permit scheme would be required on the introduction of the Proposed Franchising Scheme 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 that do not originate from West Yorkshire

- services due to be franchised but still running as deregulated services during the transition period and which have not been exempted from the franchising 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 franchising scheme.

3.5. When would this happen?

A decision on whether to introduce the Proposed Franchising Scheme by the Mayor for West Yorkshire is currently planned for 14 March 2024. This will be the final decision on whether the Combined Authority chooses to implement franchising or pursue partnership options. If the decision is taken to proceed with implementing a franchising scheme, the first franchised services will be entered into on 28 June 2026.

Question 5

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

Question 6

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

The Act states that there must be a minimum period of six months between when the franchise contract is entered into by an operator and when the bus services will commence operation to ensure there is adequate time for mobilisation (referred to as the mobilisation period).

The Combined Authority would look to procure the first round of franchise contracts in the financial year 2025–2026 and proposes a period of nine months from the time period between entering into a franchise contract and the start of a service under such a contract(the mobilisation period). The first franchise contracts would therefore be operational as services from the financial year 2026–2027. The Combined Authority's proposed approach would be to look to franchise all routes over a target 27 month period with all three rounds procured and introduced by early 2028.

The full implementation plan for the Proposed Franchising Scheme can be found in section 5.4 of the Commercial Case of the Assessment.

Question 7

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

3.6. Who will be consulted on the Proposed Franchising Scheme?

The Act specifies a number of statutory stakeholders that the Combined Authority must consult on the Proposed Franchising Scheme, which forms part of the purpose of this consultation. These are:

- Local bus operators
- Representatives of employees of operators
- Organisations representing local passengers
- Local Authorities who would be affected by the proposed scheme
- A Traffic Commissioner, Chief Officers of Police for areas to which the Proposed Franchising Scheme relates, Transport Focus (the Passengers' Council), and the Competition and Markets Authority.
- Any other bodies or individuals it considers to be appropriate

The Act also requires LTAs to consult with the users of local bus services to seek views on how well the franchising scheme is working and ongoing engagement is required throughout the life of the franchising scheme. It is proposed that the Combined Authority would seek these views within 24 months from the start of franchised services.

The above sets out the requirements for consultation on the Proposed Franchising scheme. Further details on consulting on the operation of the Proposed Franchising Scheme can be found in section 8 of Appendix 5 and section 5 in the Management Case of the Assessment.

Question 8

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

4. The Assessment Summary



4. The Assessment Summary

The Bus Reform Assessment (the Assessment) is set out across five cases, following the five–case business model approach. These are:

- 4.1. Strategic Case
- 4.2. Economic Case
- 4.3. Commercial Case
- 4.4. Financial Case
- 4.5. Management Case

This section summarises the Assessment which compares two bus reform options with the EP Reference Case.

- **EP Reference Case** – this is modelled on the continuation of the current arrangements with routes, frequencies, fares and overall standards set by private bus operators, with some limited Combined Authority intervention.
- **Proposed Franchising Scheme** – routes, frequencies, fares and overall standards for bus services would be brought under Combined Authority control. Operators would competitively bid for franchise contracts which would be operated on the Combined Authority's behalf and be overseen by a performance regime.
- **EP+** – buses would continue to operate in a deregulated environment, but additional interventions, agreed in partnership with the Combined Authority and bus operators, would be implemented to help improve bus services. Operators would retain control over routes, frequencies, fares and overall standards.

4.1. Strategic Case

The following section summarises the Strategic Case presented in the Assessment, relating back to the corresponding sections in the Strategic Case of the Assessment.

Section content includes:

- 4.1.1. Introduction – legal requirements and purpose
- 4.1.2. Buses in West Yorkshire – customer and market context
- 4.1.3. Strategic context – drivers for change (including neighbouring strategies)
- 4.1.4. EP Reference Case
- 4.1.5. Bus Reform Objectives
- 4.1.6. Options for Bus Reform
- 4.1.7. Assessment of options against objectives and policy
- 4.1.8. Strategic Case conclusion

4.1.1. Introduction

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 initiatives.

The reform options, the Proposed Franchising Scheme and the EP+ are considered against the current governance mechanism, the EP Reference Case.

The legal requirements that the Strategic Case must comply with are set out in the Act and the Guidance. Section 123B of the Act sets out the need for the Strategic Case to consider whether (and to what extent) the Proposed Franchising Scheme would contribute to the implementation of the Combined Authority's Local Transport Plan and other adopted and published policies that affect bus services. For West Yorkshire this includes the West Yorkshire BSIP adopted in 2021 and the Climate and Environment Plan 2021.

Section 123B(3)(b) also requires the Combined Authority to consider whether the Proposed Franchising Scheme would contribute to the implementation by neighbouring authorities of their Local Transport Plans and other adopted and published policies that affect bus services.

To meet the requirements of the Act, the Strategic Case needs to demonstrate the extent to which the bus reform options set out in the Assessment will achieve the policy objectives of the Combined Authority (and those of neighbouring local authorities) and how different options would help deliver against these objectives.

There is a requirement for authorities to proactively engage with neighbouring authorities so that this element is fully considered within the Assessment.

4.1.2. Buses in West Yorkshire – customer and market context

The current bus system in West Yorkshire faces fundamental challenges both for the customer, affecting their day–to–day experience of using the bus, and bus operators (or 'the market') which affect the industry's financial stability and the continued operation of bus services.

Customer context

Bus is a key element of West Yorkshire's transport offer and forms a vital part of the transport mix across the region, particularly for those citizens who rely on it as their primary mode of transport.

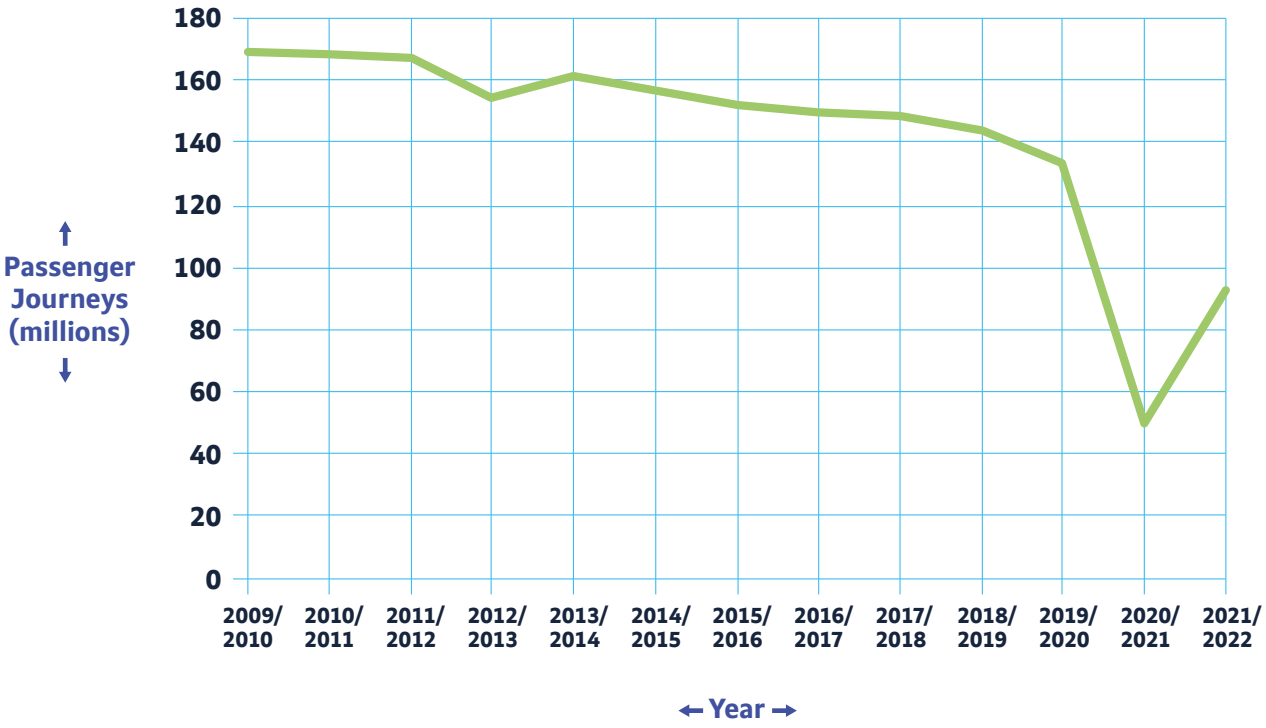
Across West Yorkshire, car is the dominant mode of travel, accounting for 62% of all journeys by West Yorkshire residents[4]. Bus accounts for the highest mode share on public transport, with just over 6% of all journeys – over three times that of rail.

However, bus patronage trends demonstrate a long–term decline (see Figure 6) 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 and 84% of pre–pandemic levels as of May 2023[5].

4. National Travel Survey 2017-19

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

Figure 6: Passenger journeys on local bus services in West Yorkshire



There are significant commuting flows across West Yorkshire, with 90% of commuting trips contained within the region, whilst there are important links to the wider Yorkshire region including significant travel flows between Harrogate, Skipton and York[6].

Across West Yorkshire the biggest customer markets are adult tickets and under 19s[7]. Post–pandemic the composition of the West Yorkshire bus market has altered, with concessionary travel and adult travel still significantly lower than pre–pandemic.

Bus operator/market overview

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

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). The most recent data demonstrates that there has been an increase in the cost of tendered services with increasing public subsidy of previously commercial services.

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

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

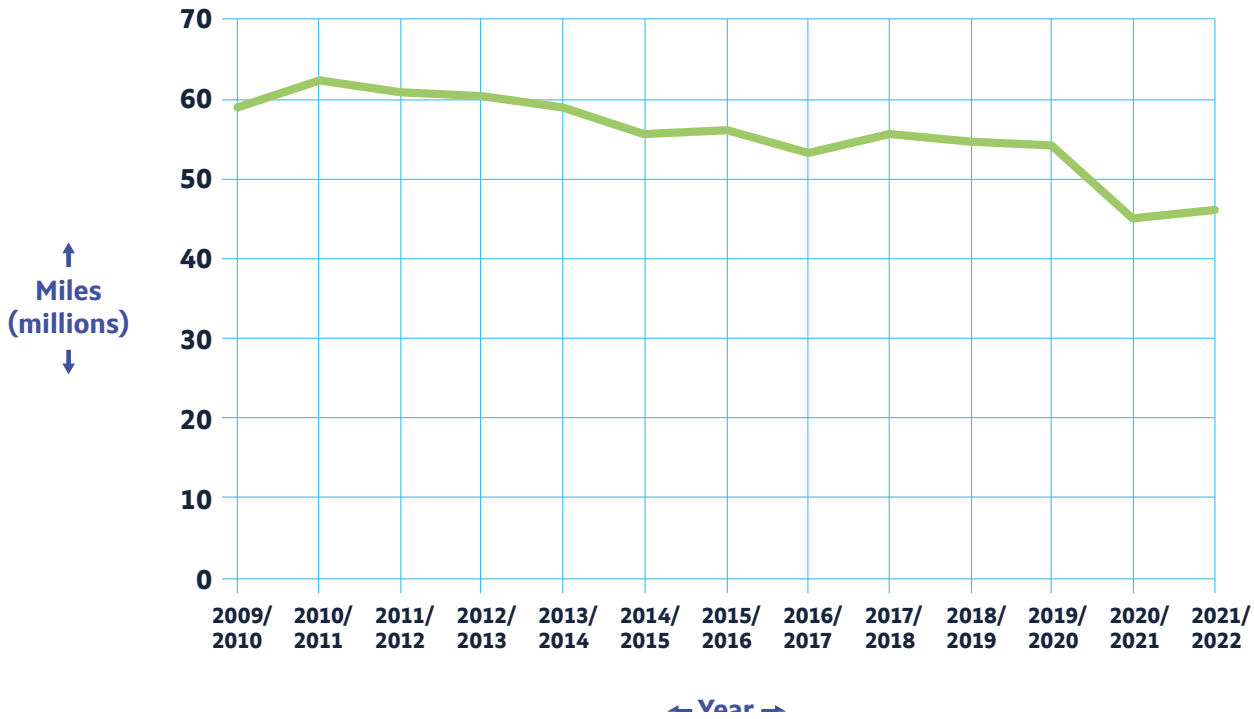
The tendered services budget is spent on uncommercial but socially necessary services to ensure community connectivity, as well as to enhance the network with additional early morning, evening and weekend services on routes which operate on a commercial basis at other times of the day.

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.

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 the time of writing, allocations and impact are unknown, giving no set assurances in regard to maintaining the current network and therefore not removing further pressure on service cuts by operators.

Falling patronage and financial pressures has been accompanied by a slow decline in bus mileage across West Yorkshire, falling from 60.9 million miles in 2011/12 to 46.3 million miles in 2023, seen in Figure 7 below.

Figure 7: Vehicles miles on local bus services in West Yorkshire



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.

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

Impact of the Covid–19 pandemic

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%[8] of pre–pandemic patronage.

Post–pandemic there remains some uncertainty around the extent to which patronage and travel demand 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. More than half of hybrid workers – equivalent to around 1 in 6 of all workers – reporting commuting between 20–60% of their working week (equivalent to between 1 and 3 days a week for a full–time worker)[9].

4.1.3. Strategic context – drivers for change

The challenges or drivers for change within the Assessment's Strategic Case are outlined 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** – bus routes don't always go where and when people need them to and some of the network is not financially sustainable for commercial operators without public sector funding.
- **Fares and ticketing** – there is a need for clear and simple fares as the current offer can be expensive and confusing. Fares are set by bus operators, and they need to deliver better value and flexibility for the bus customers.
- **Customer service and information** – there is no single point of contact for customer information, making it difficult to complain and to access information. The customer experience onboard and during journey planning is not consistent.
- **Bus priority** – there is a lack of priority for buses on our roads leading to poor punctuality and reliability and delays for those using the bus.
- **Greener and better vehicles** – the onboard experience is not consistent for bus customers across West Yorkshire and investment in zero emissions buses is needed to improve air quality and reduce carbon emissions.

The following sections outlines each of these challenges within the West Yorkshire bus market to show why it is not performing as it should.

8. West Yorkshire Combined Authority Research & Intelligence Team "West Yorkshire Economic & Transport Insights Report", June 2023, PowerPoint Presentation (westyorks-ca.gov.uk)
9. 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)

Network

The current bus network is shaped by a number of factors. The mix of routes and frequencies is largely determined by operators based on commercial factors, with the Combined Authority contracting tendered services to 'plug the gap', for example extending primarily commercial routes to additional destinations or paying for an entire non–commercial route.

The current network is under financial strain, with increasing reliance of operators on public funding support due to decreased patronage post–pandemic and increasing cost of running services.

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

- Customer network requirements: the network does not serve all customer needs and faces issues around 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, particularly those in rural or non–city centre locations.

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

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

Fares and ticketing

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[10], with motoring only rising 37.15% in the same time frame. The rising cost of bus travel may therefore 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[11].

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% over the last ten years)[12].

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

11. 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)

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

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 have 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.

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 the need to ensure profitability is maintained.

Customer service and information

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.

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[13].
- **Accessibility:** the Combined Authority looks to be a leader in equality, diversity and inclusion, 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

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.

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.

13. West Yorkshire Annual Yorkshire Residents Perception of Transport Survey 2022-23

- **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.

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

Green and better vehicles

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 Bus Regional Area (ZEBRA) scheme.

There are several challenges facing the customer in relation to 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.

There are several challenges facing the bus market in relation to 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.

These challenges all demonstrate that the West Yorkshire bus system is not performing as well as it should be across a number of areas, affecting both customers and the wider market. For reference, the information included above can be found in section 6 in the Strategic Case of the Assessment.

Question 9

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

Neighbouring strategies

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 to enable customers to commute and access leisure facilities.

Whilst the governance mechanism in place, or being developed in neighbouring areas, 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 Local Transport Plan objectives.

Further details on neighbouring authorities and the relationship between the EP+ and the Proposed Franchising Scheme options is included within the Strategic Case.

4.1.4. EP – Reference Case

There is a long history of the Combined Authority working in partnership with local bus operators with joint aims to improve the customer experience which is detailed in section 7 of the Strategic Case of the Assessment.

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 is a statutory partnership between the Combined Authority, West Yorkshire local authorities and bus operators.

Despite several successes, the EP Reference Case has yet to achieve its ambitions and the challenges outlined in section 7.1.5 remain. These impact the bus offer across the five BSIP delivery areas and are summarised as follows:

- **Network** – the network is primarily operated by private bus operators who are responsible for network design and planning, and is not financially sustainable with the Combined Authority increasing public funding contributions to retain it in recent years. Network investment is very much determined by public funding and does not deliver all of the connectivity that bus customers need.
- **Fares and ticketing** – private bus operators set fares and ticketing, such as Mayor's Fares, , The ticketing offer is complex due to the number of operators with competing ticketing schemes.
- **Customer service and information** – the customer offer is complex and offered by competing bus operator brands, apps and websites. As ownership of fleet is an operator responsibility accessibility, the onboard experience and branding differs widely across different parts of the network.
- **Bus priority** – under the EP there are limited powers for the Combined Authority to take enforcement action on operator punctuality and reliability.
- **Greener and better vehicles** – the responsibility for fleet ownership is with bus operators, limiting the ability for the Combined Authority to influence investment and design. Investment in greener buses is reliant on public funding provided to bus operators to subsidise the costs of investment.

The Strategic Case of the Assessment therefore concludes that the EP Reference Case is unable to deliver against the strategic drivers (set out in section 7.6 in the Strategic Case of the Assessment) and deliver the improvements in the bus system that will improve bus services for customers.

Bus reform is therefore the right thing to do to address the challenges set out in section 4.1.3 above. Further details on the way buses are currently ran and why this is not delivering is set out in section 7.6 of the Strategic Case.

Question 10

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

4.1.5. Objectives for Bus Reform

Objectives are required to set out what the Combined Authority is trying to achieve and understand the potential impacts of bus market reform.

The objectives within the Strategic Case use the Guidance as a basis and build on the Combined Authority's policies and strategies including the West Yorkshire BSIP, the West Yorkshire Transport Strategy 2040 and wider transport and strategic policies. The objectives also take into account the challenges outlined previously. This resulted in the following approach which focuses on what a successful governance model would look to achieve:

- **The whole journey** – objectives that demonstrate the contribution that bus makes towards the West Yorkshire Transport Strategy 2040 and wider organisational policy structured around the region's economy, environment and people and place.
- **Improved experience for customers** – objectives drawn from the West Yorkshire BSIP 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.

The Bus Reform Assessment's objectives are set out in Tables 4.1 and 4.2.

Table 4.1 – Bus Reform Assessment Objectives

Overarching Objective:
The whole journey, enhancing the contribution of the bus system towards the Combined Authority's Transport Strategy 2040 and wider policies.

Sub–Objectives	Measures
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

Table 4.2 – Bus Reform Assessment Objectives

Overarching Objective:
Improved travel experience for citizens, maximising deliverability of the Combined Authority's Bus Service Improvement Plan by 2030.

Sub–Objectives	Measures
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 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 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.

Each of the objectives detailed above responds to a challenge in the current bus market which are detailed in Section 4.1.3 above. Further details on the alignment of objectives with challenges and the strategic context for the objectives above can be found in Section 8 in the Strategic Case of the Assessment.

Question 11

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

4.1.6. Options for bus reform

The Strategic Case explores two bus reform options – the EP+ and Franchising – 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.

As noted above, the National Bus Strategy required LTAs to enter either into an Enhanced Partnership or Franchising Scheme in order to access COVID–19 Bus Service Support Grant and other government funding streams. This ultimately shortlisted these two options as the viable means of bus reform.

Proposed Franchising Scheme

Franchising powers are set out under legislation in the Act. However, as a model there are still many variables in the way an Authority can implement it. The legislation requires a franchising 'scheme' to be assessed against alternative options with Table 5 setting out the Proposed Franchising Scheme assessed in the Assessment.

For the purposes of the Assessment, franchising is modelled on a gross cost basis with gradual fleet transfer. A table summarising the key elements of the franchising option for the Assessment is below.

Table 5 – 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, services which will be franchised but have not yet been franchised and other services which don't adversely affect the franchised services and which are not wholly exempted from the scheme
Revenue risk on contracts	Full fare box control and revenue risk on all contracts – 'gross cost' approach. Risk transferred to the Combined Authority
Asset 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

* Depot (Appendix 3.3 of the Assessment) and Fleet (Appendix 3.2 of the Assessment) strategies consider staging and transition in more detail.

** Lotting Strategy (Appendix 3.1 of the Assessment) considers this in detail

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 single point of customer contact.
- **Bus priority:** better alignment with planned bus priority through network powers, better complementing Key Route Network (KRN)[14] powers through improved ability to plan priority for buses on our roads.
- **Greener and better vehicles:** ability to set standards and specifications, Combined Authority led transition to zero emission fleet.

The above information summarises some of the key impacts that the Proposed Franchising Scheme may have set out across the BSIP delivery areas. Full details on the interventions included in the Proposed Franchising Scheme are set out in more detail in section 9.6 in the Strategic Case of the Assessment.

14. KRN powers provide a Mayoral Combined Authority additional highway network powers to aid the delivery of LTPs. Managed with our local authorities the KRN powers could enable advantages of improving traffic flow, reducing congestion and providing opportunities to introduce bus priority.

Question 12

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

Enhanced Partnership Plus (EP+)

The EP+ within the Assessment uses the same governance mechanism as currently implemented (the EP Reference Case) but aims to push this further, subject to operator agreement and, in some cases, subject to additional funding. 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 supporting 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.
- Using KRN powers to benefit the bus network – this could enhance the planning of interventions that give priority to buses on our road.
- Working in partnership with bus operators on alternative funding mechanisms for the network such as network interventions, re–investment of saved resources and profit share arrangements.
- Proposed new working groups with operators to aid joint decision making.

To define the most ambitious form of enhanced partnership possible the Combined Authority developed an internal proposal which was later shared with bus operators in the region. The EP+ presented in the Assessment (see section 9.5 of the Strategic Case) therefore reflects the initial work of the Combined Authority and additional interventions that came out of the partnership workshops and resulting submission of proposals from the West Yorkshire Bus Operators.

Using EP+ as a governance mechanism could have the following impacts across the BSIP delivery areas, subject to some interventions requiring further operator agreement and negotiation, and availability of funding on interventions:

- **Network:** an integrated, more reliable bus network with enhanced connectivity, reducing the need for cars. A network that is shaped through public consultation and relies less on public funding.
- **Fares and ticketing:** cost–effective fares and ticketing looking to achieve best value capped ticketing that is flexible for the customer and is supported through improved customer service and journey planning information.
- **Customer service and information:** improved service quality and standards allowing streamlined customer contact, supported by enhanced safety and security and rewards for loyalty for regular bus customers.
- **Bus priority:** faster journey times and improved bus network reliability
- **Green and Better Vehicles:** improved air quality, lower carbon emissions and potential for creation of jobs and skills and development opportunities.

The above information summarises some of the key impacts that the EP+ may have set out across the BSIP delivery areas. Full details on the interventions included in the EP+ are set out in more detail in section 9.5 in the Strategic Case of the Assessment.

Question 13

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

4.1.7. Assessment of options against objectives and policy

Both bus reform options deliver strategic benefits above and beyond that of the EP Reference Case.

The objectives which see 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.

Whilst the EP+ does offer a number of improved impacts compared to the EP 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.

Further details on how options perform against objectives and policy can be found in section 10 in the Strategic Case of the Assessment.

4.1.8. Strategic Case – Conclusion

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, better delivering against the policies and strategies of the Combined Authority.

The bus reform options 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.

Whilst there are clear benefits of working in partnership with operators through the EP+, some of the interventions would depend on operators agreement, reducing the level of certainty and control and impacting the extent to which improvements could be made. Many of the EP+ interventions also rely on additional funding from operators or the public sector and therefore the ability to deliver these proposals would be neutral across the EP+ and Proposed Franchising Scheme.

Franchising 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 EP Reference Case and the EP+.

The Strategic Case therefore concludes that the Proposed Franchising Scheme is able to demonstrate the greatest strategic benefits for the Combined Authority. The full conclusion of the Strategic Case can be found in section 11 in the Strategic Case of the Assessment.

Question 14

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

4.2. Economic Case

The following section summarises the Economic Case presented in the Assessment. Section content includes:

- 4.2.1. Introduction
- 4.2.2. Impact of options.
- 4.2.3. How the economic appraisal was carried out
- 4.2.4. What impacts were assessed
- 4.2.5. Results
- 4.2.6. Scenarios
- 4.2.7. Economic Case Conclusion

4.2.1 Introduction

The purpose of the Economic Case is to assess the Value for Money of the alternative bus reform options for the Combined Authority. The legal requirements that the Economic Case must comply with are set out in the Act and the Guidance, and section 123B(3) of the Act requires the Combined Authority to consider, as part of the Assessment, whether the Proposed Franchising Scheme would represent Value for Money. The Assessment was carried out with reference to the Guidance, HM Treasury's Green Book Guidance[15], Transport Appraisal Guidance[16].

The Economic Case of the Assessment involved analysing the differences between the performance of two bus reform options (the EP+ and the Proposed Franchising Scheme) and the EP Reference Case, how buses are run now (i.e. that bus services will continue to be run by private bus operators who decide on the routes, frequencies, fares and standards across the bus network in West Yorkshire).

15. https://www.gov.uk/government/publications/the-green-book-appraisal-and-evaluation-in-central-governent/the-green-book-2020

16. https://www.gov.uk/guidance/transport-analysis-guidance-tag

As far as possible, the direct benefits of the two reform options were quantified and monetised. The Economic Case also considered any impacts which might be difficult to quantify and monetise and the effect of any wider economic impacts which might not be accounted for in the direct impacts.

4.2.2. Impacts of Options

The impacts of the EP Reference Case, the EP+ and the Proposed Franchising Scheme on passengers, operators and the Combined Authority are discussed below and reflect the increased bus service output and network enhancements in section 2 of the Economic Case in the Assessment.

EP (Reference Case) impacts

The EP Reference Case assumes that there are no changes to the way that buses are currently run.

- **Passengers** – it is expected under the EP Reference Case that the network would reduce resulting in routes that potentially run less frequently, or do not run as early in the morning or as late at night Due to pressure on the tendered services budget of the Combined Authority and increasing need to support services of operators. Fares and ticketing arrangements would remain the same and it is expected that the Mayor's Fares fare capping scheme will continue for the currently committed three–year period.
- **Operators** – patronage will continue to decline which will impact the commerciality of services and lead to a reduction in services over time. Operators may need to reduce services to maintain profitability for their companies. Public sector funding support will continue to be important. Operators would have flexibility to manage margins through making changes to fares, adjustments to networks or cutting their least profitable services. Whilst under the EP Reference Case operators could enter the market, it is not anticipated and operators may have to exit through choice or necessity.
- **Combined Authority** – it is assumed that the fares and ticketing arrangements would remain the same. As far as possible, the network would continue to operate largely as it is, however if bus operators reduce the network this would potentially increase the number of supported services and the budget requirements to run these. The Combined Authority would continue to fund tendered services with the potential for further pressure on this budget should the commercial network experience further cuts.

Proposed Franchising Scheme impacts

The introduction of the Proposed Franchising Scheme would see a significant change in the way that bus services are run with decisions on routes, frequencies, fares and standards for bus services being the responsibility of the Combined Authority. The impacts foreseen in the Economic Case are outlined below:

- **Passengers** – the most fundamental economic impact is the assumption of a reduced operating margin that will allow an increase in the number of bus services operating, bringing a variety of passenger benefits. Compared to the EP Reference Case existing bus users would see a reduction in journey times through increasing service frequencies on existing routes, and the introduction of new routes. This is most significant under the Proposed Franchising Scheme. Passengers would see network enhancements through franchising, improving interchange between bus and other modes, fare capping and ticketing initiatives, and enhancing connectivity through improving existing routes and introducing new routes. The interventions could also attract new bus users through presenting a more attractive or more accessible travel mode. It should be noted, the network is assumed to reduce over time due to fewer passengers and increased costs – albeit more slowly than the EP Reference Case.
- **Operators** – the network enhancements and changes to bus services will impact operators by potentially extending hours, introducing new services and changing routes. Franchising removes the competition for commercial services and replaces it with competition for franchised services, allowing for better competition across operators through removing barriers to the market. Passenger revenue (and revenue risk) passes to the Combined Authority. There will be cost savings for operators that will no longer incur costs related to owning depots and investing in fleet. There is a possibility of operators exiting the market under franchising due to not winning a franchise contract, and conversely, for new operators to enter the market.
- **Combined Authority** – the Combined Authority would be able to deliver network interventions more easily under franchising due to an increased level of control. This would allow for reorganisation of corridors, adjusting services and avoiding a situation where two operators compete on the same routes. There would be significant public sector costs in delivering franchising.

Further details on the impacts of the Proposed Franchising Scheme on passengers, operators and the Combined Authority are included within section 2.4 of the Economic Case of the Assessment.

Question 15

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

Question 16

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

Question 17

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

EP+ impacts

- **Passengers** – the EP+ would see a limited number of network interventions, subject to operator agreement. This could enhance the network in terms of frequency on some corridors and allow for route reorganisation. Where funding allows, and subject to negotiation with operators, fares for multi–operator tickets could be reduced, additional fare capping implemented and additional concessionary schemes introduced. The network is assumed to reduce over time in line with reduced passenger numbers and increased costs.
- **Operators** – fares and routes would be negotiated further with operators and reduction of fares for multi–operator tickets and additional fare capping could be negotiated as set out above. The network enhancements and changes to bus services will impact operators by potentially extending hours, introducing new services and changing routes. This will increase costs, for example in salaries, administrative and fuel costs, however these will be offset somewhat by the assumed patronage increases from these interventions. There may be a modest change in the commerciality of services, which impacts the tendered service bus network. Operators may choose to exit the market through necessity or choice as is the case with EP Reference Case.
- **Combined Authority** – long term funding and support through the tendered services budget and central government funding would be required to introduce improvements to the network which are not commercially viable. The EP+ sees an increase in services operated on a 'supported service' basis due to the reduction in commerciality of the network over time.

Further details on the impacts of the EP+ on passengers, operators and the Combined Authority are included within section 2.4 of the Economic Case of the Assessment.

Question 18

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

Question 19

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

Question 20

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

4.2.3. Economic appraisal – modelling assumptions

The Assessment involved the analysis and forecasting of the likely impact of the two different bus reform options (the EP+ and the Proposed Franchising Scheme) over a 40–year appraisal period, appraised against the EP Reference Case. This required making several background assumptions about factors such as the recovery of demand for bus travel after Covid and the future funding that might be available to support bus services. Uncertainty in both factors was also analysed using different scenarios to see how the different reform options performed assuming both more and less optimistic assumptions. The scenarios included are discussed in Section 4.2.6 of this Consultation Document and in section 3 of the Economic Case of the Assessment.

It was assumed that the underlying demand for bus travel would fall due to effects unconnected with the interventions being assessed. This is in line with the decline in bus patronage seen over the last decade.

The evolution of the EP Reference Case and the EP+ were modelled on a year–by–year basis by taking the forecast of overall bus demand and assessing how many of the services would continue to be operated commercially (providing a reasonable rate of return to operators) and which would have to be supported by the Combined Authority. In the Proposed Franchising Scheme, all services are supported by the Combined Authority. Under all options, the supported services are cut to a level that can be afforded under the budget available.

The assumption that the historical decline in bus use would continue combined with the effects of rising bus operating costs mean that bus patronage falls under all options.

Under the EP Reference Case and the EP+ , operators reduce the number of commercial services as they become less profitable with almost all services requiring support from the Combined Authority by the mid 2040s. Overall the Proposed Franchising Scheme allows a greater amount of bus patronage to be retained because it is possible to support more services under this option than it is under the EP+ or the EP Reference Case.

4.2.4. What impacts were assessed

The modelling carried out as part of the Assessment involved calculating the impacts of the EP+ and the Proposed Franchising Scheme relative to the EP Reference Case. These were:

- User benefits – the overall benefits to bus users of the improvements to the bus services
- Non–user benefits – these are benefits associated with fewer car trips being made (because more trips are being made by bus)
- Change in bus revenue – the additional fare revenue because of more bus trips
- Change in revenue on other modes – the reduction in rail revenue because trips have transferred to bus
- Change in bus operating cost – the increase in bus operating costs because of more bus services being provided
- Regulation management costs – the costs associated with administering the regulatory regime
- Indirect taxation – the change in taxation received by central government.
- Depot and vehicle investment – the increased investment required to provide zero emission charging infrastructure and to purchase bus depots and fleet (under the Proposed Franchising Scheme)

The Assessment also considered wider economic impacts (WEI). These are impacts which are felt more widely in the economy and are not fully represented in the direct impacts of the options. The major WEI is 'agglomeration' – the economic benefit of the densification of employment and other activities that improved transport connectivity encourages.

The monetary value of the impacts of the options were calculated and totalled over a 40–year appraisal period. The values for future years were adjusted to take account of inflation and the declining value of future costs and benefits. This process is to ensure that costs and benefits are compared on a like for like basis, with both expressed as a '2010 present value'. This represents the total value of the benefit (or cost) in terms of its 2010 equivalent (the use of 2010 is a standard convention). The net present value (NPV, which equals 2010 present value of benefits (PVB) minus 2010 present value of costs (PVC)) can be used to show the overall benefit of an option. The benefit to cost ratio (BCR, which equals PVB divided by PVC) can be used to show the amount of benefit for a given level of investment (cost).

4.2.5. Results

Table 6 summarises results for the core (base) scenario.

Table 6 – Calculation of NPV and BCR

2010 Present Value (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: Economic Case Appraisal

4.2.6. Scenarios

Three different scenarios for the revival of bus demand after Covid–19 were considered which are also reflected in the Financial Case:

- No further growth in demand for bus travel beyond that in the base year (2021/22). That is bus demand remains at 70% of pre–Covid–19 levels.
- Bus demand recovers to 80% of pre–Covid–19 levels. This is the core scenario.
- Bus demand recovers to 90% of pre–Covid–19 levels.

Three different scenarios for the future public sector financial support to bus services in West Yorkshire were considered:

- Funding for bus services (the part of the bus budget that is not used for concessionary fares) is frozen in cash terms (downside scenario).
- Funding for bus services is maintained in cash terms until 2026/27 and then grows at 2% per year (base scenario).
- The funding available to support bus services is £10m per year greater than in the core scenario, this would be index linked from 2026/27 (upside scenario).

Sensitivities were also tested (see section 12 of the Economic Case of the Assessment) to explore uncertainty in some areas.

Results from scenarios for the Proposed Franchising Scheme:

Table 7 – Value for Money Assessment – the Proposed 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

Results from scenarios for the EP+:

Table 8 – 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

The VfM assessment of the different reform options considers the non–monetised impacts and the distribution of the benefits alongside the monetised impacts identified above. In addition, the uncertainty around each option is also considered.

Combined (VfM assessment):

Table 9 – Combining monetised and non–monetised aspects and consideration of the distribution of those benefits

2010 PV	Franchising	EP+
Net Present Value (NPV):	£728.2m	£506.3m
NPV including WEI:	£1,133.1m	£764.7m
Overall non–monetised impacts:	Beneficial	Slight beneficial
Distributional benefit:	Beneficial	Slight beneficial

Source: Economic Case appraisal

Table 10 – An assessment of certainty in outcomes, partially informed by sensitivity testing but also referencing the nature and time–profile of uncertainty around options

Assessment	Franchising	EP+
Uncertainty during transition:	High	Medium
Uncertainty during operation:	Low	Low
Uncertainty around evolution:	Low	High

Source: Economic Case appraisal

4.2.7 Economic Case – Conclusion

The Economic Case provides a summary of the economic performance of the EP+ and the Proposed Franchising Scheme compared to the EP Reference Case.

Both bus reform options, the EP+ and the Proposed Franchising Scheme, are shown to generate more benefits and revenue than the cost required to implement and operate them, when compared to the EP Reference Case. The forecasting and appraisal underpinning the Economic Case suggest that the Proposed Franchising Scheme has a higher NPV (meaning a higher level of overall monetised impact) than the EP+, and the Economic Case has also concluded that the Proposed Franchising Scheme generates a wider range and scale of non–monetised benefit. Section 12 of the Economic Case show that the EP+ option has a slightly higher BCR than the Proposed Franchising Scheme – due to a lower net investment, but both options represent high Value for Money.

The advantages of the Proposed Franchising Scheme are primarily through the greater control the Combined Authority would have over specifying the bus network, in terms of service frequencies and extents, but also the roll out of Zero Emission Buses (ZEBs). There is a greater degree of uncertainty over the impacts of the Proposed Franchising Scheme in the short term as the actions of operators during the transition phase are uncertain, whilst the impacts of the EP+ are more uncertain in the long term as any agreement would require negotiation between the Combined Authority and operators.

Overall, both the Proposed Franchising Scheme and the EP+ were judged to have 'very high' value for money (following DfT guidance), taking into account the economic assessment. Compared to the EP Reference Case, both bus reform options were forecast to generate economic benefits considerably and robustly higher than the costs required to implement each option.

The full conclusion can be found in section 13 in the Economic Case of the Assessment.

Question 21

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

4.3. Commercial Case

The following section summarises the Commercial Case presented in the Assessment. Section content includes:

- 4.3.1. Introduction
- 4.3.2 Commercial Success Factors
- 4.3.3. West Yorkshire Bus Market
- 4.3.4. Current Commercial Model – EP Reference Case
- 4.3.5. Commercial model for Proposed Franchising Scheme
- 4.3.6. Commercial model for the EP+
- 4.3.7. Commercial Case Conclusion

4.3.1. Introduction

The purpose of the Commercial Case is to assess the proposed commercial models of the two shortlisted bus reform options the EP+ and the Proposed Franchising Scheme. This is done against the EP Reference Case, with reference to the Green Book Guidance requirements and the Guidance.

The legal requirements that the Commercial Case must comply with are set out in the Act and the Guidance, and section 123B(3)(f) of the Act provides that the Combined Authority must consider the extent to which it is likely to be able to secure that local services are operated under local service contracts. This includes considerations on procurement and contractual arrangements to ensure that proposed franchised services can be let through local service contracts or, where applicable, services operated in accordance with service permits.

4.3.2 Commercial success factors

A series of Commercial Success Factors have been developed to demonstrate which option best drives competition and enables a commercially viable approach to the bus market. These are linked to the overarching objectives for the Assessment, as set out in chapter 8 of the Strategic Case.

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 SMOs and new entrants to the market by removing unnecessary barriers to entry, encouraging competition to enable quality and value for the Combined 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.

Question 22

Do you have any comments on the Commercial Success Factors outlined in the Commercial Case?

4.3.3. West Yorkshire bus market

The bus market in West Yorkshire is dominated by three major operators which provide most commercial services, alongside many smaller operators many of which play an important role in our tendered services.

The current asset position in West Yorkshire can be summarised as:

- **Fleet** – there are approximately 1800 buses operating in the region the majority of which are owned or leased by individual operators with an average age of 11 years. The majority of buses are diesel (94%).
- **Depots** – there are 29 depots across West Yorkshire which are owned and operated by existing operators. The three major commercial operators have control of the larger of the depots, with 13 depots having capacity in excess of 50 Peak Vehicle Requirement (PVR).

4.3.4. Current commercial model – EP Reference Case

As detailed in the introductory chapter to this Consultation Document, the Combined Authority made an Enhanced Partnership Plan and Schemes which commenced in April 2022, and built on the previous Voluntary Partnership Agreement made with operators. The current EP, 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 improvements.

Despite making the Enhanced Partnership, the ability to impact customer journeys has continued to be limited and constrained through challenges, including those below:

- Under the EP, the majority of interventions have been carried out through public sector funding. No interventions have been solely funded by bus operators.
- Some EP commitments are reliant on Government funding to deliver.
- The pace of expected delivery of BSIP schemes tied to the EP has led to mostly basic commitments being contractualised so far.
- Timescales to create EP schemes are lengthy which delay the contractualisation of commitments and realisation of benefits.
- The EP has so far focused on local authority commitments/delivery and has not yet undertaken formal negotiations with bus operators to explore the extent to which they can reinvest any benefits within their fleet / service provision

Current interventions

The Combined Authority already makes several interventions in the bus market, these are:

- **Tendered and supported services** – in line with other LTAs in England, the Combined Authority can make payments to bus operators for tendered services. These services rely on support from the Combined Authority and are socially desirable but not commercially viable or attractive for operators to run. They often include route extensions or additional departures (for example early morning or Sunday services) that would otherwise be seen as commercially non–viable to bus operators, or in certain cases entire routes which would otherwise not be run by bus 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 ZEBs.

Risk allocation and responsibility

Under the EP Reference Case the risk allocation and responsibility is split between private bus operators and the Combined Authority. Bus operators largely take revenue and operating cost risk on commercial bus services, and are responsible for fares and ticketing, employment of bus staff, service specification and branding, and timetable and routes in relation to commercial bus services. The Combined Authority's responsibilities include making payments to bus operators for tendered services, and responsibilities in relation to most bus stations, which are owned and managed by the Combined Authority with staff employed by the Combined Authority. The fare capping scheme Mayor's Fares is supported financially by BSIP funding. Whilst revenue risk is a risk that largely sits with bus operators, apart from tendered and supported services, it should be acknowledged that the Combined Authority may be required to intervene if a commercial operator chooses to withdraw a service, as it has a duty to consider what services need support.

4.3.5. Commercial model for the Proposed Franchising Scheme

The Proposed Franchising Scheme would see a significant change in market structure compared to the current commercial, deregulated market with services being specified and procured by the Combined Authority.

Franchise design

This section considers how West Yorkshire would be broken into franchises including the scope, size and length of contracts. Market engagement on the proposed franchise design has been undertaken with operators and neighbouring local authorities to understand any implications it may have.

Lotting Strategy

The Combined Authority has developed a lotting strategy (Appendix 3.1 to the Assessment) for The Proposed Franchising Scheme, 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 based on a single depot; and
- Provides lots that give smaller operators the opportunity to participate and grow and encourage new SMO entrants.

The Combined Authority has undertaken a process to identify geographical areas (zones) into which it intends to split the network based on major bus destinations and the existing bus network (see Appendix 3.1). It should be noted that there will be ten zones in total, with Leeds being split into three due to the size and extent of bus services in the zone, note this is not currently reflected in the graphic below.

Figure 8: Map of West Yorkshire – Proposed Franchising Scheme Zones



Figure 8: Map of West Yorkshire – Proposed Franchising Scheme Zones

Within each zone services will be split into lots. Within each zone, there will be three categories of lots: A, B & C:

Category A Lots – a single large lot, within each zone, located around a strategically located depot. These are expected to provide opportunities for large operators and have an indicative peak vehicle requirement of 45–100.

Category B and Category 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 and which will have a indicative peak vehicle requirement of 1 – 45.

The detail surrounding the ten zones and the three categories of lots are including within the Lotting Strategy (Appendix 3.1 to the Assessment), and also discussed in Section 5.2 in the Commercial Case of the Assessment.

Question 23

Do you have any comments on the lotting strategy for franchising contracts as set out in the Commercial Case?

Contract Length

The Combined Authority's proposed approach is to have fixed seven year contracts for Category A Lots. This contract period has been selected because 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.

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 Category B Lots and Category C Lots categories will be determined on a contract–by–contract basis, and may be shorter in length (e.g. three to five years) to facilitate opportunities for new and existing SMOs by for example, reducing the potential risk of these operators being locked into longer length contracts and providing more flexibility.

More detail regarding the scope, size and length of contracts, alongside key contractual arrangements and contract mechanisms for franchise contracts can be found in sections 5.2 and 5.3 in the Commercial Case of the Assessment.

Question 24

Do you have any comments on the length of franchise contracts under the Proposed Franchising Scheme, as set out in the Commercial Case?

Asset strategy for the Proposed Franchising Scheme: Fleet

Under the Proposed Franchising Scheme, the Combined Authority would look to own and provide fleet to successful franchise bidders. 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).

During the franchise term, operators would be responsible for maintaining the vehicles to specified standards and required to hand vehicles back to the Combined Authority at the end of the franchise term in good condition.

The Combined Authority would look to invest in fleet ownership over time, with all new fleet being zero emission. It is not envisaged that there would be a wholesale renewal of fleet on introduction of the Proposed Franchising Scheme, and it is therefore envisaged that the average age of fleet will remain similar to that under the EP+.

The Fleet Strategy (Appendix 3.2 of the Assessment) also encompasses and develops key financial and management considerations, as set out in section 7 within the Financial Case and section 2 within the Management Case of the Assessment.

More detail regarding the Combined Authority's approach to public ownership and investment in fleet can be found in the fleet strategy, Appendix 3.2 of the Assessment.

Question 25

Do you have any comments on the approach to fleet under the Proposed Franchising Scheme, as set out in the Commercial Case?

Asset strategy for the Proposed Franchising Scheme: Depots

Under the Proposed Franchising Scheme, the Combined Authority would look to provide a Combined Authority owned or leased depot to the successful bidders for the larger Category A Lots which would then be used by the operator for the term of the franchise contract. This approach would be taken to reduce barriers to entry and support competition.

Following any decision to make the Proposed Franchising Scheme, the Combined Authority would engage with existing bus operators in relation to accessing current depots. The approach to depots the Combined Authority could include two interventions:

- Access to current depots could be facilitated by acquisition from incumbent operators or leasing from incumbent operators.
- New depot development – where access to existing depots is not possible or new depot development is required due to existing depots not being suitable or in the desired location.

Full details on the Combined Authority's proposals for depots can be found in the Commercial Case of the Assessment (Section 5.3) and the supporting Depot Position Paper included as Appendix 3.3 to the Assessment.

Question 26

Do you have any comments on the approach to depots under the Proposed Franchising Scheme, as set out in the Commercial Case?

Risks and responsibilities

Under a franchise model the allocation of risks and responsibilities between the public and private sectors will change significantly from current arrangements.

The allocation of risk and responsibilities will be split between the Combined Authority and operators in the following way:

Revenue Risk – the Combined Authority would assume revenue risks on gross cost contracts. The Combined Authority would take on all passenger fare revenue and will implement a common fares and ticketing policy across all franchised services. The Combined Authority will be at risk for decreases in revenue and will therefore be required to fund any resulting shortfalls. The Combined Authority will pay operators to run services to a given frequency, specification, and quality. The only exception to

this is revenue risk taken by the private sector on cross–boundary services 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.

Revenue Protection Management – the responsibility for revenue protection management will move from the private sector to the Combined Authority. The private sector will be incentivised as part of their franchise contracts 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 – the Combined Authority would have direct control over the specification and branding of buses and related infrastructure/ ticketing systems. The Proposed Franchising Scheme 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 – bus services will be run by operators to specifications set by the Combined Authority, under the franchise contract .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. 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. Operators will be contractually bound to provide services once they have entered into a franchise contract. Franchise contracts 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.

Employment of bus staff – all bus drivers, maintenance and associated administrative staff associated with delivering bus services under franchise contracts will be employed by or on behalf of individual operators. Many of these staff may TUPE–transfer from existing operators on the introduction of franchised services, and further TUPE–transfers may occur every time a franchise changes hands (see section on Employment and Pensions below). There will be additional Combined Authority staff required to undertake new functions under the Proposed Franchising Scheme and the provision of these activities is described more fully in the Management Case of the Assessment.

Timetabling of routes – under the Proposed Franchising Scheme the Combined Authority would be able to specify the routes alongside 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 – Under the Proposed Franchising Scheme, 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.

Question 27

Do you have any comments on the proposed allocation of risk and responsibilities between the Combined Authority and bus operators under the Proposed Franchising Scheme, as set out in the Commercial Case?

Performance regime

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.

The performance regime would be calibrated to reflect the specific performance requirements of different contracts.

Phasing and implementation

There are several factors to take account of in effectively planning and transitioning to the Proposed Franchising Scheme. There is a need to minimise temporary inconsistency for bus customers as much as possible across the network, whilst managing the transition effectively, especially considering the large number of procurements required.

To balance these issues, the Combined Authority's proposed approach would be to look to franchise all routes over a target 27–month period with all three rounds procured and introduced by early 2028.

The Combined Authority would look to procure the first round of franchise contracts in the financial year 2025–2026 and after a nine–month mobilisation period look to introduce the first franchise contracts in the financial year 2026–2027.

This approach and timetable would enable the Combined Authority to achieve the benefits of franchising quickly, whilst ensuring that the procurement process is manageable for the Combined Authority and the bidders. It also reduces the time when customers are offered an inconsistent service across West Yorkshire.

The Combined Authority has considered in detail the steps required to implement the plan for Franchising which is set out in section 5 of the Commercial Case. The implementation plan ensures there is time for lessons learnt.

Groups of zones have been arranged into rounds to be procured and implemented under the Proposed Franchising Scheme evaluating the PVR for each round, operator and patronage spread and a measure of commerciality (pax/PVR). A three round approach was adopted, procuring 3–4 zones in parallel in each round,with these rounds being procured in the following order:

- **Round 1** – Heavy Woollen, Kirklees, Leeds 3
- **Round 2** – Five Towns, Leeds 1, Wakefield
- **Round 3** – Bradford, Calderdale, Keighley, Leeds 2

Procurement strategy

The Combined Authority intends to use the procurement process to maximise the value for money of the services procured under the Proposed Franchising Scheme, alongside ensuring that: SMOs involvement is facilitated; there is sufficient competition; a continuing viable market is developed; the risk allocation set out in the Assessment is reflected in the contracts; and the Combined Authority and operators can successfully adapt to the reality of implementing the Proposed Franchising Scheme across West Yorkshire.

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.

Procurement will be a continuing process throughout the Proposed Franchising Scheme, with new franchise contracts let on a rolling basis once the Proposed Franchising Scheme is fully implemented. There is therefore a requirement for the procurement approach to be effective for initial contracts, and also allow for efficient procurement on an ongoing basis. In particular, the procurement strategy should support effective bidding by SMOs in the franchising process.

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 experience of franchised services in practice, allowing testing of elements of franchise contracts and the procurement strategy that have driven value for money, and identifying areas where improvements could be made either for the Combined Authority or bidders.

Procurement of the local service contracts would be conducted under the relevant legislation – the Procurement Act 2023 is expected to come into effect prior to the letting of contracts under the Proposed Franchising Scheme (if made). As the Combined Authority is 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 Proposed Franchising Scheme (see section 5 of the Commercial Case for further information).

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. 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,

More information of the procurement approach under the Proposed Franchising Scheme is included in Section 5 of the Commercial Case.

Question 28

Do you have any comments on the Combined Authority's approach to procuring franchise contracts under the Proposed Franchising Scheme, as set out in the Commercial Case?

Impact on SMOs

The Combined Authority has developed its plan for franchising to facilitate SMO involvement and provide opportunities for SMOs to grow their businesses. Key interventions to help facilitate SMO involvement are outlined below:

- **Route packaging** – the Combined Authority has designed the packaging of routes into categories of Lots of varying PVR sizes to facilitate the participation of operators of varying sizes, with Category B Lots and Category C Lots sized to a suitable scale for SMO involvement. The Combined Authority may choose to require that Category B Lots and Category C Lots cannot be operated from a Category A Lot depot. This removes the advantage of larger operators taking advantage of a larger Category A Lot for the running of these services.
- **Marketing and ticketing systems** – In the current deregulated market SMOs can have difficulty growing their businesses because larger operators encourage customer loyalty through discounted, single operator tickets. Under the Proposed Franchising Scheme all operators under franchise contracts 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.
- **Contract Terms** – At present not all supported services are contracted on a gross cost contract basis, whereas under the Proposed Franchising Scheme they will be. The Combined Authority therefore proposes to adopt a different approach for Category B Lots and Category C Lots. This would entail using franchise contracts which only adopt a gradual move from the current contracting arrangements for supported services allowing SMOs to adapt to the move to an overall franchising system.
- **Opportunities to grow** – Part of this could be by offering larger packages under Category B Lots which would allow a paced level of growth. This could be by combining lots or moving certain services from Category A Lots into Category B Lots. There is a further opportunity for SMOs to eventually bid for Category A Lots, facilitated by the removal of the primary barriers to entry for any operator like fleet and depot.

There are variety of interventions which are detailed above which look to facilitate the involvement of small and medium sized operators. Full details on how the involvement of SMOs will be facilitated is included within Section 5.5 in the Commercial Case of the Assessment.

Question 29

Do you have any comments on the Combined Authority's approach to facilitating the involvement of small and medium sized operators as set out in the Commercial Case?

Cross boundary services and permitting (impacts on neighbouring authorities)

A service permit regime would 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.

To be granted a service permit, a service would need to pass two statutory tests: first that the proposed service would benefit those making journeys on local services in the franchised area, and second that the proposed service would not have an adverse effect on any local service that is provided under a franchise contract in the franchised area. The Combined Authority would look 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.

The exact scope of the service permit regime would be subject to formal consultation with operators and other relevant parties.

To establish the service permit regime, the Combined Authority must consult on its proposed service permit system and any conditions it wishes to attach to service permits, and the Guidance notes what the Combined Authority should set out as part of this consultation (see paragraph 1.120 of the Guidance). The service permit regime consultation is separate to this consultation, but it would need to be completed in sufficient time before the commencement of the first franchise services. The conditions should not be particularly onerous as the general intention of the service permit regime is to facilitate the continued running of services to be permitted such as cross–boundary services rather than setting conditions which prevent them from operating in West Yorkshire.

The Proposed Franchising Scheme could impact passengers in neighbouring areas to West Yorkshire. An analysis of the transport policies of West Yorkshire neighbouring authorities was undertaken which showed common themes, aligning to the those of the Combined Authority (see Section 10.6 of the Strategic Case of the Assessment for more detail).

Within this engagement, the Combined Authority noted the strategic importance of cross–boundary services to facilitate travel beyond West Yorkshire, particularly to places of employment, leisure and education. It was also felt that there was commonality between the Combined Authority's and neighbouring authorities objectives around the themes of the economy, the environment and people. 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 in respect of the service permit regime was pragmatic and that there should be no negative impact on achieving common objectives. Further detail on neighbouring transport authority impacts and engagement is included within sections 3.6, 6.8 and 10.6 in the Strategic Case of the Assessment and section 5.8 in the Commercial Case of the Assessment.

Question 30

Do you have any comments on the impacts of the Proposed Franchising Scheme on the achievement of the objectives of neighbouring transport authorities, as set out in the Commercial Case?

Employment

Under section 123X of the Act, 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 contract.

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 contract.

The Franchising Schemes and Enhanced Partnership Schemes (Application of TUPE) (England) Regulations 2017 (TUPE Regulations) are the current regulations made under section 123X.

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.

As a result where the Combined Authority have proposed the letting of Category A Lot, depot based contracts which broadly align with existing services, or where they let Category B and C lots, 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.

Pensions

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 contract 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.

The Combined Authority's franchise contract 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.

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, given there is now automatic enrolment.

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 plan to address any shortfalls that existed prior to the introduction of the Proposed Franchising Scheme (if made).

17. Franchising Schemes and Enhanced Partnership Schemes (Pension Protection) (England) Regulations 2017

Further details on the potential impacts on employment and pensions of the Proposed Franchising Scheme can be found in section 5.10 in the Commercial Case of the Assessment.

Question 31

Do you have any comments on the potential impact that the Proposed Franchising Scheme would have on employment and pensions, as set out in the Commercial Case?

Franchising summary

The Combined Authority has set out a Proposed Franchising Scheme which complies with the Guidance and maximises the potential to meet its Commercial Success Factors. In summary:

- **Transport authority influence** – the Proposed Franchising scheme allows the Combined Authority control to maximise operator performance and target the delivery of strategic priorities through contractual requirements such as fares and ticketing and route timetabling. The Combined Authority can achiever greater influence over the outcomes of public money and could deliver improved quality of service.
- **Best value** – the Proposed Franchising Scheme would allow the Combined Authority to manage the network as a whole, allowing to manage more and less profitable services under a single portfolio. The Combined Authority could and can package routes in a way to deliver best value to the public sector. It would allow a less reactive nature in commissioning services and would also allow the Combined Authority to invest in assets which deliver best value.
- **Driver of competition** – there would be a shift in competition from an 'on street' basis to competing for contracts, maximising competition between operators. This would be supported by the fleet and depot strategies which introduce a level playing field for all operators. SMOs would be supported through a lotting strategy that has smaller lots specifically designed for SMO operators.
- **Risk allocation** – risks could be better allocated to those best placed to manage them. Franchising would bring risks relating to revenue, with operating cost risk sitting with operators. Operators would have more certainty over cash flow for the life of each franchise. The Combined Authority could incentvise performance through a performance regime.
- **Ease of implementation** – there would a significant resource and financial effort for the Combined Authority to implement the Proposed Franchising Scheme particularly relating to procurement, preparing the market for competition, skills and resource and acquiring, developing and preparing assets.

Question 32

Do you have any comments on how the Proposed Franchising Scheme could support the Commercial Success Factors, as set out in the Commercial Case?

4.3.6. Commercial model for Enhanced Partnership Plus (EP+)

For the purposes of the Assessment, the Combined Authority needed to define an alternative bus reform option,, the EP+ (see 4.1 above). The EP+ presented in the Assessment reflects the initial proposals by the Combined Authority and additional interventions that came out of the partnership workshops and submitted proposals from the West Yorkshire Bus Operators (WYO).

Risk allocation and responsibility

The risk allocation and responsibility under the EP+ is summarised as follows:

- **Revenue Risk** – operators would largely take revenue and operating cost risk on all commercial services except for tendered and supported services. The Combined Authority has little direct exposure to revenue risk, but could be impacted by the withdrawal of services by commercial operators.
- **Fares and ticketing** – would continue to be the responsibility of bus operators under the EP+. Mayor's Fares (a fare capping scheme capping the cost of a single journey and multi–operator day tickets) was introduced in September 2022 supported financially by BSIP funding and this would continue under the EP+ for the agreed three–year period.
- **Employment of bus staff and station provision** – as under the EP Reference Case, most staff involved in the delivery of bus services would continue to be employed by operators. Staffing responsibilities for the Combined Authority under the EP+ relate to bus stations, most of which are owned by the Combined Authority and managed by Combined Authority employees.
- **Service specifications and branding** – Service specifications and branding would continue to be the responsibility of operators, however a range of interventions are planned through the EP+ to provide the Combined Authority with influence in branding, including a plan to roll out a unified brand.
- **Timetable and routes** – would continue to be the responsibility of operators

EP+ summary

The EP+ provides a range of potential enhancements to the existing EP Reference Case that could support the Combined Authority in meeting its Commercial Success Factors:

- **Transport authority influence** – the EP+ would require ongoing negotiation with operators for all interventions which can be time–consuming and may delay commitments. There is a possibility that the EP+ could negotiate performance requirements but this is subject to bus operator agreement. There is therefore limited effective powers to enforce the delivery of strategic objectives.
- **Best value** – any changes to the network would require negotiation with operators, potentially through the proposed Network Management Group. Operators will be free to stop running services at any point, with six weeks notice, therefore the Combined Authority may be required to source a replacement operator and may still face issues on intervening to provide services.
- **Driver of competition** – services will still compete commercially on an 'on street' basis. Some of the interventions in EP+ involving route requirements may limit competition of specific routes.
- **Risk allocation** – risk is being retained by commercial operators, which could be viewed as allocating this risk to the party best placed to manage it. However, given the Combined Authority's statutory obligation to provide a minimum level of service, the Combined Authority will continue to carry residual risk.

- **Ease of implementation** – there is a risk with EP+ that the benefits can only be achieved by negotiation, however the EP+ proposals submitted by bus operators gives some confidence in delivery of some benefits. The EP+ may support ease of implementation on the basis that there are no significant cost or resource pressures.

Further details on the commercial model of the EP+ can be found in section 4 of the Commercial Case in the Assessment.

Question 33

Do you have any comments on how the EP+ could support the Commercial Success Factors, as set out in the Commercial Case?

4.3.7. Commercial Case Conclusion

The Commercial Case set out the Combined Authority's objectives from a commercial perspective, including the existing market composition, features and challenges. It details the commercial characteristics of the EP Reference Case and the EP+ and the Proposed Franchising Scheme considered, performing an assessment of each option relative to the Combined Authority's Commercial Success Factors. It can be concluded that:

While the EP Reference Case provides a forum for collaboration between the Combined Authority and operators, implementing changes is not within the Combined Authority's 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.

Similarly, the EP+ in theory provides the ability to introduce additional interventions that could support the Combined Authority's Commercial Success Factors, of increased Transport Authority influence. However, in practice, given any changes are subject to agreement with operators, and there may not be significant commercial incentive for operators to engage, it may not have a materially different impact on outcomes than the EP Reference Case.

Finally, the Proposed Franchising Scheme 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 the Proposed Franchising Scheme against the 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. The Proposed Franchising Scheme does carry significant implementation activity, a high level scale of change and risk transference to the Combined Authority in enabling all the benefits articulated.

The full Commercial Case conclusion can be read in section 6 in the Commercial Case of the Assessment.

Question 34

The Commercial Case concludes that the Combined Authority would be better able to meet its Commercial Success Factors through the Proposed Franchising Scheme compared to the EP+. Do you have any comments on this?

4.4. Financial Case

The following section summarises the Financial Case presented in the Assessment. Section content includes:

- 4.4.1. Introduction
- 4.4.2. Sources of funding and financing
- 4.4.3. The EP Reference Case
- 4.4.4. Proposed Franchising Scheme
- 4.4.5. Enhanced Partnership Plus
- 4.4.6. Comparison of options under different scenarios
- 4.4.7. Financial Case Conclusion

4.4.1. Introduction

The purpose of the Financial Case is to assess the financial implications for the Combined Authority of continuing to operate the EP Reference Case or instead the Proposed Franchising Scheme or the EP+.

The Combined Authority would have different financial responsibilities under franchising than under an Enhanced Partnership or Enhanced Partnership Plus.

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. Under all reform options the expectation of a continued drop in the demand for bus (in line with historic trends), together with a reduction of funding, means the Financial Case shows there would need to be reductions in services to remain affordable. However, the level of passenger journeys would continue to be higher under Franchising than under EP+, both of which would be higher than the EP Reference Case.

The financial forecasts of revenues and costs from running bus services for all reform options are developed within the Economic Case and these are then used as inputs into the Financial Case.

Under section 123B of the Act, the Combined Authority must consider whether it would be able to afford to make and operate the Proposed Franchising Scheme. The Financial Case therefore needs to consider the financial implications of the initial introduction and ongoing management and operation costs of the Proposed Franchising Scheme.

The Guidance states out what must be set out and considered in the Financial Case, including a requirement for the Financial Case to set out capital and revenue requirements for each option considered, over the option's lifespan. This needs

to include an assessment of how options would financially impact the Combined Authority accounts, and any requirements for external or additional funding must be clearly set out with an explanation of how funding will be secured. The Financial Case should also consider amongst other things, whether options would require capital and/or revenue spending.

4.4.2. Sources of funding and financing

Section 3 of the Financial Case sets out the sources of funding and finance that are available to the Combined Authority to fund bus services under the reform options, including existing funding sources, additional sources of funding that could be considered, and sources of finance for costs which will be incurred in the options.

The use of any of these sources will be subject to further discussion and agreement, following a decision to implement either of the options, particularly in the event of considering whether to increase the budget beyond that currently available. A Mayoral decision on whether to implement the Proposed Franchising Scheme does not pre–determine the use of any of these sources.

Existing funding sources for bus:

- **Transport Levy** – a statutory charge imposed by the Combined Authority, currently the primary source of funding used to support bus services and concessionary travel.
- **Government Funding** – grants, funds or subsidies provided by central government. The Combined Authority currently receives specific funding including Bus Service Improvement Plan (BSIP) – a time limited funding stream currently funding initiatives such as Mayor's Fares – and Zero Emission Bus Regional Areas (ZEBRA) – a competitive fund to support the acquisition of Zero Emission Buses
- **Farebox revenue** – for supported services, where services are contracted currently on a gross cost basis, the Combined Authority receives the farebox revenue. For commercial services, operators currently receive farebox revenue directly.
- **Bus Service Operator Grant** – for the same supported services, the Combined Authority receives BSOG funding, a subsidy from Government. For commercial services, operators currently receive BSOG directly.

Additional sources of funding that could be considered, include:

- **Local authority mechanisms** – these include raising a Mayoral Precept, which would be a separate charge on the council tax bill of council taxpayers. Other mechanisms could include business rate supplements or road user charging.
- **Central government funding** – in future other sources of funding may be made available by Central Government.

The financing options available to The Combined Authority include:

- **Public Works Loans Board ("PWLB")** – a form of loan available to local authorities from the National Loans Fund. 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.

- **UK Infrastructure Bank (UKIB)** – A new source of financing available to the Combined Authority for capital costs.
- **Private Borrowing** – Under Prudential Borrowing (rules governing local authority borrowing), the Combined Authority can borrow through private institutions.

Financing should be applied to upfront costs which facilitate changes, and which can be repaid over time. For the Combined Authority such costs include asset costs – including fleet and depot under the Proposed Franchising Scheme.

Reserves and other revenue funding sources

Reserves are a common way that Authorities can fund capital expenditure if free cash is readily available.

For the EP+ and the Proposed Franchising Scheme, the Assessment assumes the Combined Authority's Single Investment Fund11 would be drawn on for transitional costs, many of which do not qualify as Prudential Borrowing.

The EP Reference Case

The EP Reference Case assumes that buses will remain to be run as they currently are. 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.

The sources of income and expenditure for the EP Reference Case are consistent with those modelled under the EP+. The income comes from tendered services, Bus Services Operator Grant and payments to operators from using Combined Authority owned bus stations, whilst expenditure is on supported services payments to operators, concessionary travel payments, capital maintenance costs, Combined Authority staff costs, administration costs and publicity and marketing. As these are consistent with the EP+ they are discussed in detail in 4.4.5.

The primary conclusion of the analysis in the Financial Case 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.

4.4.4. Franchising

Franchising represents a significant change in how bus services would operate in West Yorkshire, with the Combined Authority having full control over the configuration of the network, and the level of services provided.

Under the Proposed Franchising Scheme, 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

A substantial amount of these upfront costs will be incurred before the Combined Authority has access to farebox revenues – meaning that they either must be financed or an alternative funding source identified.

Sources of income – Proposed Franchising Scheme

Under the Proposed Franchising Scheme , the Combined Authority would 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 franchise contracts.

The income which would be retained by the Combined Authority under the Proposed Franchising Scheme includes:

- Farebox income from franchised services;
- Farebox revenue from supported services (prior to the full implementation of franchising);
- Transport Levy from each of the Combined Authority's constituent authorities; and
- Additional income (sundry income) that the Combined Authority earns (which is the same in the EP Reference Case and the EP+ option).

Expenditure – Proposed Franchising Scheme

The Combined Authority's expenditure under the Proposed Franchising Scheme includes:

- Payments to operators for gross cost contracts;
- **Transition costs** – franchising requires the Combined Authority to make funds available for transition costs during the period prior to the award of the first franchising contracts. The total transitional costs are estimated to be £15.1 million over a four year period to 2027/28 and includes provision for consultancy and management of transition, early mobilisation of procurement resource, provision of risk and IT costs.
- **Management costs** – there are additional management costs associated with transition of £5.3m over a four year period. After transition there is forecast to be an additional management cost of £2.9 million per annum.
- **Fleet and depot costs** – the Proposed Franchising Scheme assumes that the Combined Authority makes capital investments in zero emission fleet and acquisition/development of depots. Depots are assumed to be purchased or developed before franchises are let and fleet is assumed to be purchased over time (see section 7 of the Financial Case). During the appraisal period, the overall required investment in the fleet is assumed to be £252m in real terms. The overall requirement for upfront investment in depots is assumed to be £85.5m, including acquisition and fit out for zero emission buses.

How will franchising be funded?

Transitional costs, unlike fleet and depot investment, would not qualify for local authority borrowing (Prudential Borrowing). Therefore, it is assumed that these are raised from the Combined Authority's Single Investment Fund11 and repaid over the appraisal period in the form of an annuity payment.

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.

The Combined Authority has determined that only IT systems costs in transitional costs would be able to be financed, and made the decision that all transitional costs should be assumed to be funded through the Combined Authority's Single Investment Fund.

Further details on the approach to funding the Proposed Franchising Scheme can be found in section 3 and 7 in the Financial Case of the Assessment.

Question 35

The Financial Case sets out the potential sources of funding available to the Combined Authority to deliver the Proposed Franchising Scheme. Do you have any comments?

Results – Proposed Franchising Scheme

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.

The Proposed Franchising Scheme is forecast to deliver greater numbers of passenger journeys than the EP Reference Case and the EP+.Despite there being an average reduction of 3.0% and 1.1% in budget available for services for franchising compared to the EP 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 EP Reference Case and a 3.8% increase in passenger journeys against the EP+.

Additional Sensitivities – Proposed Franchising Scheme

There are additional franchising sensitivities tested in the Financial Case as 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 EP Reference Case and the 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.

Financial risk – Proposed Franchising Scheme

As with any governance mechanism, the Proposed Franchising Scheme 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 of the Financial Case.

The margins to be charged on franchise contracts are uncertain, and Section 9 of the Financial Case shows the impact of changes in these margins.

Unlike the other options, the Proposed Franchising Scheme has the Combined Authority purchasing assets. Section 9 of the Financial Case 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.

As with the EP+, there are also risks that the additional costs forecast for franchising (transition and management costs) are greater than anticipated. These have been considered as sensitivities in Section 9 of the Financial Case.

Conclusion– Proposed Franchising Scheme

The primary conclusion of the above analysis is that the Proposed Franchising Scheme maintains a higher level of bus passengers carried than the EP Reference Case for the same level of affordability.

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 the Proposed Franchising Scheme. Achieving this outcome depends on the successful management of risk in transitioning to the Proposed Franchising Scheme.

The full conclusions of the Financial Case can be read in section 10 in the Financial Case of the Assessment.

Question 36

The Financial Case concludes that the Combined Authority could afford to operate the Proposed Franchising Scheme. Do you have any comments?

7.4.4. EP+

In the EP+ option limited revenue from bus services is received by the Combined Authority because of services being predominantly run commercially by operators who retain farebox revenue.

Sources of income – EP+

In the EP+ option, income sources for the Combined Authority have broadly the same structure as the EP Reference Case. Services would continue being predominantly run commercially by operators that collect farebox revenue.

Sources of income for the Combined Authority under the EP+ consist of:

- 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.
- Transport Levy from each of its constituent authorities.
- One operator has suggested in developing the EP+ proposals that a profit share mechanism could be built into the EP+, so this has been tested as a sensitivity – it would be a source of income to the Combined Authority.

Expenditure – EP+

As the EP Reference Case, the Combined Authority's expenditure for the EP+ would be made up of the following items:

- Supported services payments to operators;
- Concessionary Travel payments to operators;
- Capital Maintenance Costs (e.g. for bus stations & travel centres);
- 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.

There are no assets purchased for the CA under the EP+ and therefore sources of finance are not considered in this section of the Financial Case.

In additional to the expenditure above the EP+ would include additional transitional costs and management costs. Additional transitional costs would include supported services payments to operators and Capital Maintenance Costs, this is assumed to total £0.2 million. Additional management costs during transition 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), amounting to £1.7 million.

Results – EP+

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).

Compared with the Reference Case, the 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.

The EP+ is forecast to deliver greater numbers of passenger journeys than the EP Reference Case. This is despite there being marginally less budget available for services for the EP+ (due to higher management/transitional costs). 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 in the Economic Case). These have the effect of making some services more commercial and 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.
- Over the period from 2026–2041, on average 9% more passenger journeys are forecast to be made under the EP+ than under the EP Reference Case.

Additional Sensitivities – EP+

There are additional EP+ sensitivities run in the Financial Case 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 the 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 conclusions are that whilst such a budget could introduce more services, it would not lead to carrying more passengers than the Proposed Franchising Scheme. Further detail on this can be found in section 9.4 of the Financial Case of the Assessment.

Financial risk– EP+

As with the EP Reference Case, more supported services are forecast in future under the EP+. There is the additional risk this creates in that there will be limited competition for contracts, and that operators will require a higher margin than forecast. The impact of this on the EP Reference Case is discussed in Section 9.

In addition, there are risks that the additional costs forecast for the EP+ (transition and management costs) are greater than anticipated. These have been considered as sensitivities in Section 9 of the Financial Case.

Conclusion – EP+

The primary conclusion of the above analysis is that, as with the EP Reference Case, if the bus service is to remain affordable, there would need to be a reduction in services, which will lead to a reduction in passengers carried.

However, compared with the EP Reference Case, the level of service provided, and the number of passengers carried is greater under the EP+.

This assumes that operators will agree to the changes in network and integrated ticketing that are the basis for these forecasts.

The full financial analysis and conclusions of the EP+ performance can be found in section 6 in the Financial Case of the Assessment.

Question 37

Do you have any comments on the conclusion of the Financial Case about the affordability of the EP+?

4.4.6. Comparison of options under differing scenarios

Section 8 of the Financial Case compares the results of the reform options in terms of the numbers of passengers carried, comparing the options under different scenarios for demand and for budget.

The base case for demand and budget demonstrates a clear ranking between them in terms of the number of passengers carried, with the Proposed Franchising Scheme (FC), delivering more passengers carried than the EP+, which carries more than the EP Reference Case (RC).

Figure 9: Passenger journeys across all three options

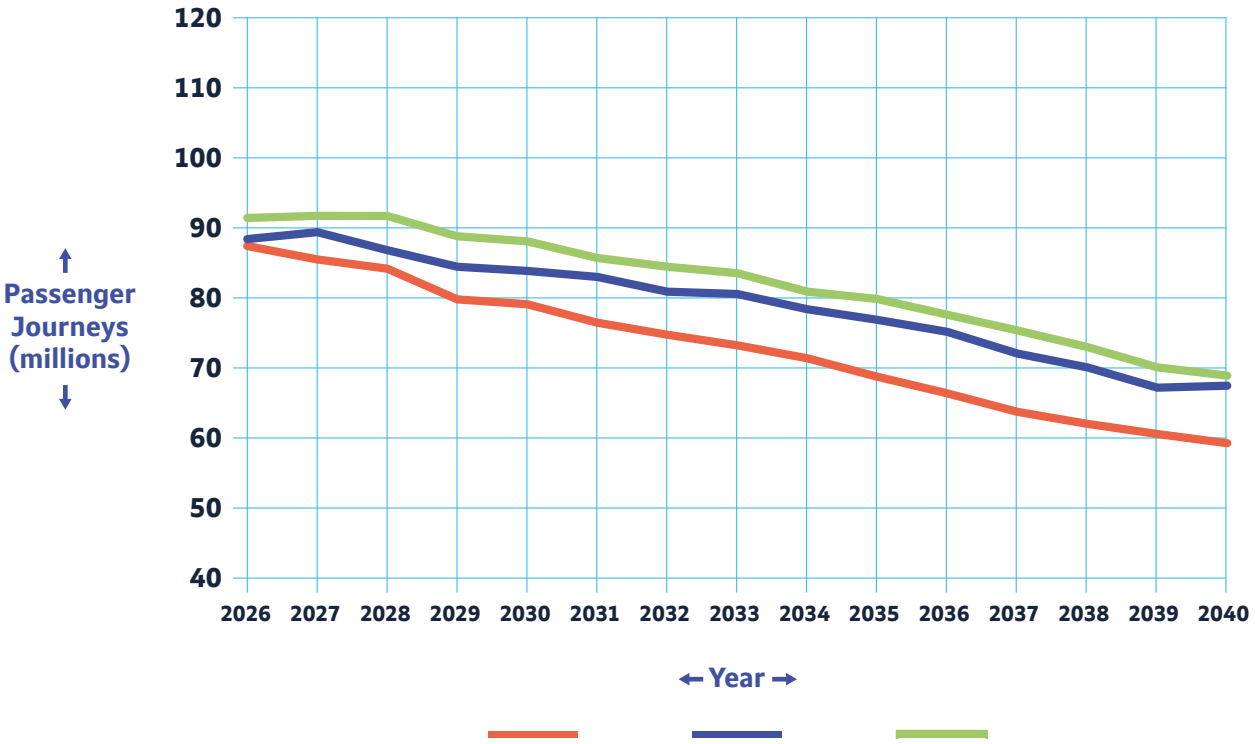


Figure 9: Passenger journeys across all three options

The following table compares the passengers carried in each of the EP+ and Proposed Franchising Scheme , relative to the EP Reference Case, across nine scenarios, for different levels of demand and funding. Further details on the scenarios can be seen in the Economic Case Summary in 4.2.6 of this Consultation Document.

Table 11 – Comparative Journeys: Percentage of EP Reference Case Journeys provided by Franchising under All Funding and Demand Scenarios

Scenario	Low Demand	Central Demand	High Demand
Downside Funding	9.87%	13.03%	16.02%
Base Funding	10.26%	13.03%	15.63%
Upside Funding	10.85%	13.72%	15.33%

Table 12 – Comparative Journeys: Percentage of EP Reference Case Journeys provided by EP+ under Funding and Demand Scenarios

Scenario	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%

4.4.7. Financial Case – Conclusion

The 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 EP Reference Case, the EP+ and the Proposed Franchising Scheme.

The primary conclusions of this analysis are that the EP+ and the Proposed Franchising Scheme both offer substantial benefits over the EP Reference Case, in terms of the passenger journeys delivered for the same budget.

The primary reason for the EP+ providing such benefits compared with the EP 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.

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.

Greater benefits are forecast to be provided by the Proposed Franchising Scheme. Under this option, all 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, to reduce barriers to entry for new operators and increase competition for contracts.

The full conclusion of the Financial Case is included within section 10 in the Financial Case of the Assessment.

Question 38

The Financial Case concludes that the Proposed Franchising Scheme carries more direct financial risk to the Combined Authority compared to an Enhanced Partnership but offers the Combined Authority greater control over the way buses are run, resulting in greater benefits. Do you have any comments on the Combined Authority taking on this financial risk?

4.5. Management Case

The following section summarises the Management Case presented in the Assessment. Section content includes:

- 7.5.1. Introduction
- 7.5.2. How the Combined Authority manages its existing responsibilities for bus
- 7.5.3. Managing the Proposed Franchising Scheme
    - Transition and implementation of the Proposed Franchising Scheme
    - Management risks of the Proposed Franchising Scheme
- 7.5.4. Managing the Enhanced Partnership Plus
    - Transition and implementation of the Enhanced Partnership Plus
    - Management risks of the Enhanced Partnership Plus
- 7.5.5. Management Case Conclusion

4.5.1 Introduction

Section 123B(3)(c) of the Act requires the Combined Authority to consider, as part of the Assessment, how it would make and operate the Proposed Franchising Scheme.

The Management Case therefore considers how the Combined Authority would deliver the Proposed Franchising Scheme and the EP+ and manage and mitigate risk in each case and is discussed in the sections 4.5.3 and 4.5.4 below.

4.5.2. How the Combined Authority manages its existing responsibilities for bus

The Combined Authority currently has staff employed and an organisational structure in place to manage its different responsibilities supporting the existing bus system under the EP Reference Case, including Metro, the MCard and the West Yorkshire Bus Alliance. Key roles and responsibilities (as explained in more detail in Table 1 in the Management Case of the Assessment) include:

- Provision of frontline services
- Operating Customer Contact Centre and Travel Centres
- Financial processing
- Data analysis
- Service development
- Managing facilities and assets – such as bus stations, as well as depots and fleets
- Managing and monitoring bus services
- Education transport
- Leadership

Around 193 Full–Time–Equivalent (FTE) staff members support the Combined Authority in performing its existing responsibilities. The Assessment details how this operating model could be added to in order support the additional responsibilities of the Proposed Franchising Scheme or the EP+.

Through internal discussion and analysis during the development of the Assessment, the Combined Authority has concluded that delivery of these responsibilities can be achieved through its existing corporate structure. The Combined Authority is however prepared to consider whether in the future delivery through other structures would deliver better results, some of which are dependent on other Combined Authority

projects such as development of Mass Transit and the additional resource this would require.

Table 13, below, sets out the total and incremental FTE staff and the associated costs required to manage both Franchising and the EP+ compared to the current establishment. This is detailed further in the following sections.

Table 13 – Summary of resourcing requirements.

Resource	EP Reference Case	Proposed Franchising Scheme	EP+
Overall Total FTE	194	262	219
Total incremental FTE	N/A	68.50	25.50
Incremental Cost p.a. with 5% contingency (used in the financial model)	N/A	£2,924,145	£1,111,297

4.5.3. Managing the Proposed Franchising Scheme

The Proposed Franchising Scheme would mean a significant expansion of the Combined Authority's existing responsibilities and therefore require additional resource and competencies compared to the current Enhanced Partnership arrangement.

The Management Case details the additional 68.5 FTE roles required for the Proposed Franchising Scheme which focus on extra capacity in the bus services, financial processing, the customer contact centre, service development, facilities and assets, data analysis and education teams as detailed below:

- **Bus services** – considerable resource increases required for this team to procure and manage all franchise agreements and manage permitting, as well as for a monitoring and compliance team to plan, specify and commission diversionary routes arising from highway works, and monitor punctuality, reliability and journey times and additional resource would also be required in the bus and highways network management teams.
- **Financial processing** – payments and accountancy roles to support payments to operators, MCard administration to support increased fares through multi–operator ticketing.
- **Data analysis** – to support bus registrations and timetabling responsibilities.
- **Contact centre** – to provide resource to process feedback and complaints. It has been assumed these resources will be transferred from operators.
- **Service development** – to support expanded role in providing "tap and cap" ticketing across all services.
- **Facilities and assets** – to support responsibilities under depot and fleet management. It is likely these roles would be filled via a combination of external recruitment and transfers in from operators.
- **Education** – to manage relationships with operators on school bus services.

A full resourcing plan to recruit the additional FTE staff members would be developed following a Mayoral decision on Franchising, however it is assumed this would involve some transfer in of existing bus operator staff.

Additionally, the case considers how Combined Authority would manage its role under Franchising for the following service areas:

- **Ticketing and fares** – including current plans for development of the MCard offer, how it would manage fare changes and associated technology requirements.
- **Identity and branding** – including how it would implement a consistent identity across all Franchising services.
- **Public perception and behaviour change** – to foster a positive view of local bus encourage more people to travel by bus.
- **Driver training** – including specific additional training modules beyond that prescribed by driver Certificate of Competence (CPC).
- **IT requirements** – including the additional system requirements needed by the Combined Authority above and beyond those delivered by recent and current digital transformation activities.

Across all these services areas, under Franchising, the Combined Authority would take on a greater role and responsibility than is does currently. The case sets out a high–level approach to how it would manage this.

Further details on the approach to managing the Proposed Franchising Scheme are set out in section 2.4 in the Management Case of the Assessment.

Question 39

The Management Case sets out how the Combined Authority would manage the Proposed Franchising Scheme in West Yorkshire. Do you have any comments?

Transition and implementation of the Proposed Franchising Scheme

The Combined Authority would put in place the additional resource of 68.5 FTE roles required for 'steady state' Franchising during years 2 to 4 of 'transition'.

During the 'transition' period to franchising, the Combined Authority will undertake additional activities including:

- **Procurement design and procurement** – implementing the Lotting Strategy (Appendix 3.1) through development of franchise contracts and tender documentation, developing and undertaking passporting process to prequalify potential bidders in advance of procurement, and, undertaking procurements.
- **Market and network management** – developing and implementing 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 existing Enhanced Partnership (see section 5of the Commercial Case), protecting continuity of service.
- **Systems** – ensuring the procurement and implementation of required system enhancements.
- **Resourcing and organisational change** – ensuring that a resourcing plan is developed which will include a recruitment/transfer plan setting out how staff will be transferred in from operators or recruited, a training plan and an organisational change plan.

- **Communications and engagement** – developing a plan setting out the Combined Authority's plans in respect of:
    - statutory consultation – the Proposed Franchising Scheme must set out the Combined Authority's plans for consulting organisations representative of bus users in order to seek views on how well the franchising scheme is working as required by section 123A(9) of the Act. The Combined Authority will undertake regular, in depth, consultations both during transition and once all franchise contracts have been awarded – section 5 of the Management Case describes the Combined Authority's approach to this in more detail (see also section 8 of the Proposed Franchising Scheme); and
    - other external and internal engagement (with the public, stakeholder groups, Combined Authority staff and operators) to support the transition to the Proposed Franchising Scheme.
- **Leadership** – 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.

Additional internal management and external consultancy support would be required during this period, which has been costed and included within the scope of the Assessment.

Full details on the approach to transition under the Proposed Franchising Scheme are set out in section 3.3 in the Management Case of the Assessment.

Question 40

Do you have any comments on the approach to the transition and implementation of the Proposed Franchising Scheme, as set out in the Management Case?

Management risks under the Proposed Franchising Scheme

The case identifies 24 key management risks and associated mitigations under Franchising across five activity periods:

- Transition planning
- Procurement
- Mobilisation
- Implementation
- Steady state

These risks are a significant area of consideration for the Combined Authority as they represent a greater responsibility for managing the bus system and dealing with associated risks – including legal, financial and reputational risks – than compared to the existing Enhanced Partnership.

Key themes of these risks include managing the resources and services contracts associated with franchising; management costs; communicating with passengers, bus operators and other stakeholders; as well as dealing with political changes and unforeseen circumstances, such as another pandemic.

The case describes specific mitigations the Combined Authority will put in place to manage each of the risks identified. Furthermore, it sets how the Combined Authority will manage these risks in line with its existing Corporate Risk Management Strategy (established in 2020) which sets out high–level risk management methodology to be applied to all programmes and projects across the Combined 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.

The Combined Authority's overall risk appetite, set out in its risk appetite statement is reviewed annually by the Senior Leadership Team, Regulatory and Compliance Board, the Risk Coordinators and Governance and Audit Committee.

Consideration of the scale and scope of these risks, as well as the Combined Authority's ability to manage and mitigate against them, has been included within the Assessment's conclusion that Franchising is the preferred option for bus reform.

4.5.4. Managing the EP+

The Combined Authority's view is that the incremental roles it would acquire under the EP+ would be limited above and beyond the EP Reference Case and in comparison to the Proposed Franchising Scheme. The EP+ would therefore require more limited change in terms of competencies and resourcing. Unlike under the Proposed Franchising Scheme, it is identified that there would likely be some duplication of roles between the Combined Authority and bus operators. The Management Case details the additional 25.5 FTE roles required for the EP+ which focus on extra capacity in financial processing, service development, data analysis and bus services teams as detailed below:

- **Financial processing** – Under the EP+ a higher value of fares revenue will flow though the Combined Authority necessitating an uplift in payment processing and utilisation monitoring resources
- **Data analysis** – one incremental FTE role has been added to reflect the assumption that the Combined Authority will assume Traffic Commissioner powers for route registrations under the EP+.
- **Service development** – the EP+ would be more complex than the Proposed Franchising Scheme as a commercial, multi–operator price–capping environment will require additional resource to gather and aggregate data.
- **Bus services** – Incremental resource will be required to support bus network roles (compliance and negotiation, planning) and capacity for a Combined Authority run Bus Control Centre. Additional resource would also be required in highways network management.

Further details of the approach to managing the EP+ are set out in section 2.4 in the Management Case of the Assessment.

Question 41

Overall, do you have any comments on the proposed approach to managing the EP+, as set out in the Management Case?

Transition and implementation of Enhanced Partnership Plus.

The Combined Authority would put in place the incremental resource of 25.5 FTE roles required for 'steady state' EP+ during a 2–year 'transition' period. Unlike Franchising, a dedicated transition team would not be required.

Management risks under the EP+

The case identifies 12 management risks under the EP+ across two activity periods:

- Transition to the EP+
- Steady–state

The management risks under the EP+ are different to those under the Proposed Franchising Scheme reflecting that risks would be shared to a greater degree by the Combined Authority and operators, as under the existing EP.

As with Franchising, the Combined Authority's existing Corporate Risk Management Strategy would be applied to the management of these risks.

4.5.5. Management Case conclusions

The Management Case concludes that both the Proposed Franchising Scheme and the EP+ would be deliverable by the Combined Authority. These changes would be possible within the existing corporate structures and strategies.

Both options, to varying degrees, would require incremental changes to the Combined Authority's capabilities and resources which could be put in place during the transition period, as detailed below.

Incremental resource

There is estimated at an additional 25.5 FTE for the EP+ and 68.5 FTE for the Proposed Franchising Scheme. The incremental annual cost is estimated at £1.1m for the EP+ and £2.9m for the Proposed Franchising Scheme (based on 2023/24 staff costs).

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

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.

A dedicated transition team for the 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). There is an additional £50,000 for upgrades to the RTI reporting system, approximately £30,000 for IT resource to manage this and around £60,000 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 the EP+ or Proposed Franchising Scheme

The Combined Authority has concluded that existing strategies and structures are sufficient for managing either the EP+ or Franchising.

The 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).

The full conclusion can be found in section 8 of the Management Case of the Assessment.

Questions 42

The Management Case concludes that with the additional competencies and resources the Combined Authority would be able to manage the Proposed Franchising Scheme through its existing organisational structure.
Do you have any comments?

4.6. Assessment Conclusion

The following section presents a summary of the Assessment conclusions.
Section content includes:

- 4.6.1. Summary of the approach
- 4.6.2. Strategic Case
- 4.6.3. Economic Case
- 4.6.4. Commercial Case
- 4.6.5. Financial Case
- 4.6.6. Management Case
- 4.6.7. The Preferred Option

4.6.1 Summary of the approach

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.

An EP+ and Proposed Franchising Scheme have been assessed in detail against the EP 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.

The narrative summarises the conclusions reached by each case on each option's relative merit.

Strategic Case

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.

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.

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

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 Guidance1 and Department for Transport's Franchising Guidance2. 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.

The results of the forecasting and Economic Appraisal are presented, in terms of the benefits, revenues, and costs of each option appraised. Where possible, the distribution of these impacts across different groups in society (including passengers, the Combined Authority, other authorities, bus operators and wider society) has been presented. 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.

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

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.

Financial Case

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

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.

4.6.2 The preferred option

Following analysis of each option across all five cases, this assessment can conclude that the Proposed Franchising Scheme offers clear strategic benefits and greater opportunity to achieve the Combined Authority's objectives and ambitions for West Yorkshire compared to the EP Reference Case and the EP+.

However, the Assessment is clear that the Proposed Franchising Scheme 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

The EP+ model also offers increased benefits beyond the EP Reference Case. This would have less risk for the Combined Authority compared to the Proposed Franchising Scheme 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.

Both the Proposed Franchising Scheme and the EP+ are justifiable options in terms of delivering High Value for Money and are affordable and deliverable.

However, modelling outputs show that across all options, the challenge of ongoing bus patronage decline remains and would require service cuts unless further investment and / or additional policy levers are applied to significantly increase passenger demand and / or cover the cost of maintaining current service levels. Both the Proposed Franchising Scheme and the EP+ would slow this rate of decline, with the former doing this to the greatest extent and at better value for public money.

Furthermore, across all options including the EP 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.

This assessment therefore concludes that the Proposed Franchising Scheme 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.

Question 43

The Assessment concludes that the Proposed Franchising Scheme is the best way to achieve the objectives of the Combined Authority. Do you have any comments on this?

Question 44

To what extent do you support or oppose the introduction of the Proposed Franchising Scheme? Why do you say this?

Question 45

Are there any changes that you think would improve the Proposed Franchising Scheme?

Question 46

Do you have any further comments?

5. Equality Impact Assessment



5. Equality Impact Assessment

Under the Equality Act 2010 the Combined Authority is required in the exercise of its functions to have due regard to the need to:

- Eliminate unlawful discrimination, harassment and victimisation
- Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it
- Foster good relations between those who have a relevant protected characteristic and those who do not

Relevant protected characteristics on the Proposed Franchising Scheme are: age; disability; gender reassignment; pregnancy and maternity; race; sex; and sexual orientation.

The draft analysis of the potential impacts of the Proposed Franchising Scheme is set out in the Equality Impact Assessment (EqIA), published as Appendix 4 of the Assessment.

The EqIA concludes that the Proposed Franchising Scheme would have a positive impact on protected characteristics of age, (especially younger and older people), disability (people with physical and sensory impairments), gender reassignment, race, sex, sexual orientation, and pregnancy and maternity.

This is largely due to the ability for the Combined Authority to offer a greater level of customer consistency across a variety of areas that impact protected characteristics. The Proposed Franchising Scheme could bring benefits such as improvements and consistency in customer information, onboard bus standards and accessibility, safety before and during travel, and the pricing of tickets. The ability the Proposed Franchising Scheme offers over the network (control over frequencies and routes) could also help resolve some of the issues such as safety and difficult interchange which were identified in the EqIA.

The EQIA also highlights the desire to further understand the needs of customers through considering future opportunities to collect passenger feedback. The EQIA is a live document so further understanding will be fed in and if the Proposed Franchising Scheme is made, the EQIA will be reviewed after 12 months of implementation

No impact, or neutral impact was seen across the protected characteristics of religion or belief, marriage and civil partnership.

Question 47

The Combined Authority's draft Equality Impact Assessment identifies the potential impact of the Proposed Franchising Scheme on persons with protected characteristics. Do you have any comments on it?

6. Outcome of the Audit



6. Outcome of the Audit

Following preparation of the Assessment, the Act requires an authority to obtain a report from an independent audit organisation on its Assessment.

In June 2023, Grant Thornton UK LLP ("the Auditor") were instructed to prepare the report on the Assessment on behalf of the Combined Authority. The resulting report (see Appendix 3) was issued in September 2023 and the Auditor has given the opinion that:

- the information relied on by the Combined Authority in considering the matters referred to in section 123B(3)(d) of the Act (the affordability of the scheme) or section 123B(3)(e) of the Act (the value for money of the proposed scheme) is of sufficient quality
- the analysis of that information in the Assessment is of sufficient quality
- The Combined Authority had due regard to the Guidance issued under section 123B of the Act in preparing the Assessment.

In addition to the auditors opinion, the Auditor has also provided the Combined Authority with a number of observations that are set out in Appendix 3. The Combined Authority have reviewed the observations and the impact on the Assessment and the Combined Authority's response to the Auditor's observations is set out in Appendix 4. Whilst the observations are welcomed and recognised, the Combined Authority is satisfied that those observations, individually or together, do not contain any grounds to not proceed to consultation.

Following the completion of the independent audit, the Assessment was updated to address a number of the observations made by the Auditor and which the Auditor did not consider to be sufficiently material to affect the Auditor's opinion in its report.

7. Appendices



7. Appendices

Appendix 1 – Questionnaire

These are the questions listed across the short and long questionnaires as set out in the document at appropriate points in each section.

Short questionnaire

1. The Strategic Case sets out the challenges facing the West Yorkshire bus market and says it is not performing as well as it could. Do you have any comments on this?
2. The Strategic Case concludes that the Proposed Franchising Scheme is the best option for the Combined Authority to meet its strategic objectives for bus in the region. Do you have any comments on this?
3. Do you have any comments on the conclusion of the Economic Case that the Proposed Franchising Scheme will offer value for money to the public sector?
4. The Commercial Case sets out how the Proposed Franchising would be ran commercially. Do you have any comments on this?
5. The Financial Case concludes that the Combined Authority could afford to introduce and operate the Proposed Franchising Scheme, but this carries additional financial risk. Do you have any comments on this?
6. The Management Case sets out how the Combined Authority would manage the Proposed Franchising Scheme. Do you have any comments on this?
7. The Combined Authority's draft Equality Impact Assessment identifies the potential impact of the Proposed Franchising Scheme on persons with protected characteristics. Do you have any comments on it?
8. Overall, to what extent do you support or oppose the introduction of the Proposed Franchising Scheme? Why do you say this?
9. Are there any changes that you think would improve the Proposed Franchising Scheme?
10. Do you have any further comments?

Long questionnaire

Questions about the Proposed Franchising Scheme

1. Do you have any comments on the proposal that the Proposed Franchising Scheme should apply to the entire West Yorkshire region?
2. Do you have any comments on the proposal to split the geographical area of the Proposed Franchising Scheme into ten zones to be procured across three rounds?
3. Do you have any comments on the local services that are proposed to be franchised?

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

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

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

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

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

Questions about the Assessment

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

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

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

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

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

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

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

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

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

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

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

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

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

22. Do you have any comments on the Commercial Success Factors outlined in the Commercial Case?

23. Do you have any comments on the lotting strategy for franchising contracts as set out in the Commercial Case?

24. Do you have any comments on the length of franchise contracts under the Proposed Franchising Scheme, as set out in the Commercial Case?

25. Do you have any comments on the approach to fleet under the Proposed Franchising Scheme, as set out in the Commercial Case?

26. Do you have any comments on the approach to depots under the Proposed Franchising Scheme, as set out in the Commercial Case?

27. Do you have any comments on the proposed allocation of risk and responsibilities between the Combined Authority and bus operators under the Proposed Franchising Scheme, as set out in the Commercial Case?

28. Do you have any comments on the Combined Authority's approach to procuring franchise contracts under the Proposed Franchising Scheme, as set out in the Commercial Case?

29. Do you have any comments on the Combined Authority's approach to facilitating the involvement of small and medium sized operators, as set out in the Commercial Case?

30. Do you have any comments on the impacts of the Proposed Franchising Scheme on the achievement of the objectives of neighbouring transport authorities, as set out in the Commercial Case?

31. Do you have any comments on the potential impact that the Proposed Franchising Scheme would have on employment and pensions, as set out in the Commercial Case?

32. Do you have any comments on how the Proposed Franchising Scheme could support the Commercial Success Factors, as set out in the Commercial Case?

33. Do you have any comments on how the EP+ could support the Commercial Success Factors, as set out in the Commercial Case?

34. The Commercial Case concludes that the Combined Authority would be better able to meet its Commercial Success Factors through the Proposed Franchising Scheme compared to the EP+. Do you have any comments on this?

35. The Financial Case sets out the potential sources of funding available to the Combined Authority to deliver the Proposed Franchising Scheme. Do you have any comments?

36. The Financial Case concludes that the Combined Authority could afford to introduce and operate the Proposed Franchising Scheme. Do you have any comments?

37. Do you have any comments on the conclusion of the Financial Case about the affordability of the EP+?

38. The Financial Case concludes that the Proposed Franchising Scheme carries more direct financial risk to the Combined Authority compared to an Enhanced Partnership but offers the Combined Authority greater control over the way buses are run, resulting in greater benefits. Do you have any comments on the Combined Authority taking on this financial risk?

39. The Management Case sets out how the Combined Authority would manage the Proposed Franchising Scheme. Do you have any comments?

40. Do you have any comments on the approach to the transition and implementation of the Proposed Franchising Scheme, as set out in the Management Case?

41. Do you have any comments on the proposed approach to managing the EP+, as set out in the Management Case?

42. The Management Case concludes that with the additional competencies and resources the Combined Authority would be able to manage the Proposed Franchising Scheme through its existing organisational structure. Do you have any comments?

Questions about the conclusion of the Assessment

43. The Assessment concludes that the Proposed Franchising Scheme is the best way to achieve the strategic objectives of the Combined Authority. Do you have any comments on this?

44. Overall, to what extent do you support or oppose the introduction of the Proposed Franchising Scheme? Why do you say this?

45. Are there any changes that you think would improve the Proposed Franchising Scheme?

46. Do you have any further comments?

Question about the Equality Impact Assessment

47. The Combined Authority's draft Equality Impact Assessment identifies the potential impact of the Proposed Franchising Scheme on persons with protected characteristics. Do you have any comments on it?

Appendix 2 – Locations you can see the Consultation Document

All documents relating to the consultation can be accessed online at www.yourvoice.westyorks-ca.gov.uk/busreform

Hard copies of the consultation document can be viewed in the following locations across West Yorkshire:

- Halifax Bus Station Travel Centre
- Bradford Bus Station Travel Centre
- Castleford Bus Station Travel Centre
- Huddersfield Bus Station Travel Centre
- Leeds Bus Station Travel Centre
- Pontefract Bus Station Travel Centre

Note: More locations and venues may be added to this list.
For an up–to–date list of all locations where hard copies are available, please visit: www.yourvoice.westyorks-ca.gov.uk/busreform

Appendix 3 – Independent Auditor's report

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FAO Melanie Corcoran

19 September 2023

Dear Melanie

Bus Reform – Audit of an Assessment of a Bus Franchising Scheme – CA 66102

This Independent Reasonable Assurance Report (the "Report") is made in accordance with the terms of our call off contract dated 20 July 2023 (the "Engagement Letter) (under the Audit and Assurance Services Framework Agreement (RM6188)). The purpose is to report to West Yorkshire Combined Authority ("WYCA" or the "Authority") in connection with its requirement for Grant Thornton UK LLP to perform an Audit of its Franchising Scheme Assessment ("the Assessment") as prepared in accordance with the Transport Act 2000 (as amended by the Bus Services Act 2017 (together "the Act"). The Report is prepared to comply with section 123D of the Act and as a result, this Report may not be suitable for any other purpose other than that set out in the Act.

Output:

A Report, in compliance with Section 123D of the Transport Act 2000, providing a statement on whether in the opinion of the Auditor:

- the information relied on by the Authority in considering the matters referred to in section 123B(3)(d) or (e) of the Act is of sufficient quality;
- the analysis of that information in the Assessment is of sufficient quality; and
- the Authority had due regard to guidance issued under section 123B in preparing the Assessment.

Background

WYCA has recently prepared an Assessment of a Franchising Scheme, as part of its Bus Reform programme which is working to enable a Mayoral Decision on whether to proceed with Franchising by March 2024.

In preparation for the next stage of this statutory process, the Authority procured Grant Thornton UK LLP to act as an independent "Auditor" to provide an assurance report on the Assessment, in compliance with Section 123D of the Transport Act (as amended by the Bus Services Act 2017), and section 1.77–1.87 of the Department for Transport's Franchising Scheme Guidance ("the Guidance") (based on the 17 September 2019 updated guidance).

The Authority issued a Notice of Intent to conduct an Assessment of a Franchising Scheme in June 2021. In September 2022, the Authority appointed PwC (and its sub–contractor Steer) to provide support in completion of the Assessment. DLA Piper were appointed as Legal Support in January 2023.

In March 2023, the Authority approved the commencement of the procurement of an Auditor, ahead of any formal decision to enter the audit period.

Requirement overview / scope

The Authority is following the requirements of the Act, and therefore requires a suitably qualified organisation to undertake an audit of the Assessment, and to provide a report and express an opinion in relation to the areas set out in the Act (as noted below under Our Responsibilities).

The Audit is considered an important step in delivering an assessment that is as robust as possible for a future decision of the Mayor of West Yorkshire on a Franchising Scheme.

The Authority has been working with their appointed contractors on the development of the Assessment, completing each of the five cases of the Assessment (Strategic, Economic, Financial, Commercial and Management) and a number of additional supporting papers.

The Assessment draws on a significant level of data and information that has been made available for the purpose of delivering the Audit. In addition, discussions have been held with the Authority and its appointed contractors.

Responsibilities of WYCA

In line with our Engagement Letter, WYCA's responsibilities in relation to this Report included but were not limited to:

- preparing the Assessment of a proposed bus franchising scheme;
- providing us with any such information as may be reasonably requested by us in connection with the preparation of this Report;
- responding to any queries raised by us and ensuring that there were appropriate resources available to respond to such queries; and
- any such other matters as may be agreed by the parties and set out in the implementation plan in our Engagement Letter (the "Implementation Plan").
- WYCA has provided us with a management letter of representation (dated 14 September 2023) confirming they have provided us with the information they believe we require in relation to the requirements of the Act and the Guidance.

Our responsibilities

Our responsibility is to provide a report and express an opinion in relation to the following areas required by the Act:

whether the information relied on by WYCA in considering the matters referred to in section 123B(3)(d) of the Act (the affordability of the scheme) or section 123B(3)(e) of the Act (the value for money of the proposed scheme) is of sufficient quality

whether the analysis of that information in the Assessment is of sufficient quality

whether WYCA had due regard to the Guidance issued under section 123B of the Act in preparing the Assessment.

As per paragraph 1.87 of the Guidance, our role is not to report or pass judgement on the decisions taken by WYCA or the outcomes of the Assessment – our role is purely to consider the process that has been followed, the accuracy and robustness of the information that has been used in the analysis, and that the mechanics of the process have been carried out correctly. Paragraph 1.85 requires us to take into account the quality and timeliness of any information received from bus operators and the following criteria:

- whether the information used comes from recognised sources;
- whether the information used is comprehensive or selectively supports the arguments in favour of, or against, any particular option;
- whether the information used is relevant and up to date;
- whether the assumptions recorded as part of the Assessment are supported by recognised sources; and
- the mathematical and modelling accuracy of the analytical methods used to calculate the impacts of the options.

Where we consider that one or more of these criteria have not been satisfied, Paragraph 1.86 requires us to advise the franchising authority accordingly.

We conducted our work in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised), "Assurance engagements other than audits and reviews of historical financial information". Applying ISAE 3000 (Revised) to this engagement, requires us to conclude whether the Assessment has been prepared, in all material respects, in accordance with the requirements of 123D of the Act.

For the avoidance of doubt, our evaluation of the Assessment does not constitute a statutory audit under the Local Audit and Accountability Act 2014 nor is our evaluation of the Assessment conducted in accordance with auditing standards issued by the Financial Reporting Council.

We applied International Standard on Quality Control 1 to our work and accordingly maintained a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our approach to meeting the requirements of 123D of the Act was as follows:

- We have reviewed the documentation provided by WYCA;
- Our work was conducted in line with the Act and the Guidance under the following workstreams:
    - Process – in line with paragraph 1.87 of the Guidance, our work considered how the Assessment has been prepared and whether WYCA followed the requirements of the Act and the Guidance;
    - Assessment review – this element of the work evaluated the quality of the analysis undertaken, the quality of the information used, whether the analysis of that information was of sufficient quality and whether WYCA had due regard to the Guidance;
    - Base data including bus operator data – this element of the work evaluated the quality and timeliness of the information used to underpin the Assessment of whether the analysis of that information was of sufficient quality and whether WYCA had due regard to the Guidance; and
- In relation to the Operating Cost Model, Intervention Model, Base Year Model, Drivers of Demand and Revenue Model, Bus Demand and Revenue Model, Budget Model, Economic Appraisal Model, Data Model and Financial Model (together "the Models") we have undertaken the following procedures:
    - Calculation reviews of the Models – this element of the work evaluated the arithmetical accuracy of the analytical methods used; and
    - Technical / Methodological / Analytical reviews of the Models – in line with the Guidance, this element of the work evaluated the quality of the analysis undertaken and the quality of the information used.

Section 123B (3) (d) and (e) of the Act requires the Assessment to include consideration of whether the proposed scheme is affordable and represents value for money. During our work we identified and collated a number of observations in relation to the Assessment which we have reported to WYCA. None of these issues were considered to be sufficiently material for us to issue a modified conclusion.

WYCA shared draft versions of the Assessment with us before providing us with the final Assessment upon which we provided our audit opinion. A number of points raised during our review of the draft assessments have been taken into account in the final version of the Assessment upon which we have provided our audit opinion, but the final version of the Assessment remains materially the same in terms of the financial and economic outputs as the version of the Assessment originally provided to us.

During our work we identified and collated a number of observations in relation to the Assessment which we have reported to WYCA as a separate Observations Report. None of these issues were considered to be sufficiently material, either individually or combined, for us to issue a modified conclusion.

Inherent limitations

The procedures we have performed do not constitute an examination made in accordance with International Standards on Auditing (UK). Our Report relates only to the Assessment and does not extend to any financial statements of WYCA nor the statutory financial statements of any of the bus operators on which the Assessment is based.

The procedures we have undertaken have not considered the whole internal control system in place at WYCA nor have we tested elements of the internal control system other than those used for the preparation of the Assessment which we considered necessary for us to be able to provide an opinion on the three matters required under the Act.

The process of modelling on which the Assessment is based, necessarily involves a simplified representation of the real world, using a set of data and input assumptions and calculations to provide forecasts that inform decision making. As a result, there is inherent uncertainty over any forecasts or projections calculated by a model as these are based upon a series of assumptions from which future actual outcomes may differ.

This Report has been prepared by Grant Thornton UK LLP for WYCA in line with the terms and conditions of our Call–Off contract dated 20 July 2023. For the avoidance of doubt, the terms and conditions of that engagement, including but not limited to the parties' respective liability, shall apply.

Conclusion

In our opinion, in all material respects:

the information relied on by WYCA in considering the matters referred to in section 123B(3)(d) of the Act (the affordability of the scheme) or section 123B(3)(e) of the Act (the value for money of the proposed scheme) is of sufficient quality

the analysis of that information in the Assessment is of sufficient quality

WYCA had due regard to the Guidance issued under section 123B of the Act in preparing the Assessment.

Use of our report

This Report is made solely to WYCA, as a body, in accordance with the terms of our Engagement Letter. Our work has been undertaken so that we could prepare a report on the Assessment, which includes providing an opinion on the matters required under the Act. We acknowledge that WYCA may rely on the contents of the Report and that the Report may be used by WYCA in accordance with the provisions of the Act. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than to WYCA, as a body, for our work, for this report, or for the conclusions we have formed.

Grant Thornton UK LLP,
Chartered Accountants,
London.

19 September 2023.

Appendix 4 – Combined Authority response to the Observations of the Independent Auditor

Case:

Economic

Observation:

Franchising Case service interventions and associated engineering costs

Commentary (from Grant Thornton letter):

Within the Operating Cost Model, engineering costs are assumed to be fixed with respect to bus service outputs. WYCA were unable to provide strong evidence to support this assumption and therefore we requested a sensitivity test to be modelled around this approach as in the medium and long term, we would normally expect these to vary – broadly with the size of the fleet (PVR), as more engineering staff, equipment and vehicle spare parts would be required.

A sensitivity test was run to reflect this alternative assumption. As PVR is higher under Franchising, modelled operating costs increase and less bus services can be purchased for the fixed WYCA budget as a result. This also applies to the EP+ case, but to a lesser extent. The outcome is that Economic NPV for Franchising declines by GBP233m (-32%) and the NPV advantage over EP+ declines by GBP85m (-38%), making the two options much closer in terms of economic benefits.

This sensitivity test might overstate the impact of engineering costs because in practice such costs might not flex fully in line with PVR. WYCA has also provided commentary on this sensitivity test from which we understand that the impact of the test may be magnified by compounding with another limitation of the modelling – namely that only an initial set of service interventions are planned for the Franchise Case and not then reviewed / revised at any stage during the appraisal period, which in practice would not be realistic.

This means testing has shown that, different assumptions were used around service interventions in the round (including the impacts on engineering cost), the impact on the future size of the network and net economic benefits could be significant in NPV terms, which should be reported to decision makers. Based on the information available, however, it seems likely that the Franchising Case would remain the economically most advantageous option.

Combined Authority Response:

It should be noted that this observation is relevant at the point where the assessment and therefore the model takes into account service enhancements (from either the EP or the Franchise Case) as this is the only time PVR (and therefore costs) increase. Within the model and across the full portfolio of WY bus services (the majority of which are unchanged in the model) this relates to a 3% increase in bus operating costs.

We have run the proposed sensitivity test, i.e., to reflect a scenario where modelled operating costs increase with the size of the fleet when the service improvements (as described in section 3.2.7 and 3.2.9 of the Economic Case) are put into the model. However, the model functions in a way that does not vary the costs by reference to whether there are then changes in fleet size at a later date.). It is accepted that if the model did vary the costs with PVR then this could provide a more robust result.

However, as the auditor has noted, in practice, costs may not flex fully in line with PVR, so this sensitivity may also not reflect how costs will vary. As the commentary in the observation also makes clear the sensitivity test specified and run does not adequately reflect how these services would be treated in the full appraisal period. In reality they could be reviewed or revised at any stage during the appraisal period Therefore, the results of the test, including in respect of the decline in NPV for Franchising (-32%) need to be treated with caution.

In summary it is acknowledged that flexing engineering costs with PVR will impact on the NPV but not to the extent that the sensitivity test shows or to a significant level (3% increase in operating costs) that will alter the result of the assessment and therefore consistent with the conclusion reached by the audit. It therefore remains the position that the Franchise Case would remain the economically most advantageous option.

Case:

Economic

Observation:

Fares and ticketing simplification benefits

Commentary (from Grant Thornton letter):

Section 4.2.32 of the Economic Case states: 'When evaluating comparable proposals, research for Nexus found that passengers perceived a willingness–to–pay benefit that would equate to an uplift in demand of 2.5% for extensive ticket simplification'. Although the principle that passengers would value fares simplification is widely accepted and we do not query WYCA's conclusion that no more recent / relevant research is available, this research dates from 2013 which brings into question whether the information used is relevant and up to date (para 1.85 in the guidance to auditors).

We also note that evidence is not available as to the proportion of passengers buying GBP2 single tickets since Mayor's Fares were introduced. We note that this simplification may reduce the complexity of ticket choice for passengers by encouraging them to turn up and pay (albeit this is not committed to continue indefinitely in the Reference Case).

The results of a sensitivity test to halve the uplift in demand resulting from fares simplification broadly halves the NPV surplus of Franchising over the EP+ option but does not by itself alter the conclusion of preference for Franchising. We have also reviewed the ticketing system proposals described at 2.6.21 to 2.6.25 of the Management Case as well as confirming and clarifying the implications of these with WYCA. As a result, we understand that the franchising proposal will be able to deliver mobile app–based ticketing that is fully inter–available across routes and franchise operators without significant investment in systems. The significance of such a benefit to passengers to some extent also limits any potential concern around the quality of the source assumption.

Combined Authority Response:

Whilst the research supporting this dates from 2013 this research remains, as far as we are aware, the most recent and relevant research on this topic, and as the auditors also note, it is widely accepted that passengers do value simplification and therefore we remain of the view that this uplift in demand of 2.5% is appropriate.

We further note that the auditor accepts that a reduction of uplift to only 1.5% does not by itself alter the conclusion of preference for Franchising and when married with the opportunity for mobile app–based ticketing (as explained in the Management Case 2.6.3 and 2.6.4 where the plethora of operator tickets is noted and then in 2.6.16 and 2.6.17 where the opportunity for MCard local operator season tickets is proposed and the potential benefit to passengers is noted.) represents a significant limiting factor against the initial concern of the source assumption.

As a result of the above, whilst the observation has allowed us to carry out a further useful check of the validity of these assumptions, it also confirms that this will be a significant benefit of franchising, and therefore does not alter our conclusion.

Case:

Economic

Observation:

Basis for modelling service trimming. The approach to service trimming may not reflect actual operator behaviour.

Commentary (from Grant Thornton letter):

The Budget Model, which models the services that would cease to be operated commercially or at all in each of the modelled cases, includes a “trimming” process as the exclusive management intervention to manage profitability prior to bus routes being abandoned completely by commercial operators. In this process, non–core periods of operation are selected to be cut from the commercially operated service level before abandoning routes completely.

Based on the information we have received and inspection of the model, it is unclear whether the calibration of this process has a relevant basis (specifically, the way the threshold level of profitability used to guide the amount of trimming necessary each year is derived), and whether the quantity of “trimming” applied in the model would reasonably reflect actual operator behaviour.

We would not necessarily expect different levels of “trimming” to affect the economic appraisal outcomes sufficiently to result in different conclusions being drawn about the case to proceed with franchising but would suggest that WYCA further investigate the calibration of this modelled process to ensure its implications are fully understood.

Combined Authority Response:

The trimming process within the model is intended to reflect the observed behaviour of operators in halting the commercial operation of evening or weekend services, where these are less profitable than weekday daytime services. The Combined Authority is then under a duty to consider whether it would then tender those trimmed services, as part of its supported service network. The model, as set up to

represent a post Covid situation, forecasts relatively little trimming of this kind – which may somewhat understate this impact. However, the balance between whether a service is retained wholly commercially, trimmed (that is split between commercial and supported networks), or transferred from the commercial to supported network has a relatively limited impact on the Assessment. In each of the cases outlined, the net costs of the bus service are the same – and the difference in margin earned by the private sector is not materially different. Therefore, the impact of trimming on the budget remaining to support bus services is marginal, and the scale of bus service which can be run and passengers attracted (which the Assessment is sensitive to) would not change in any material sense. The trimming process applies only to the Reference Case (existing EP) and EP+ options, and has no impact on the Franchising forecasts of passenger revenue and operating costs.

Case:

Economic

Observation:

Treatment of fixed costs in the Budget Model

Commentary (from Grant Thornton letter):

The Budget Model assumes that, when routes are trimmed or cut, the entire cost, including the fixed cost apportioned to the relevant route, will be removed. Operators are likely to reduce their fixed costs over the long term rather than concurrently with the service reduction. By adopting this assumption, the model is inflating short–term profitability, and reducing the number of services which may need to be cut to achieve the target margin. Any model is, of course, only a limited representation of real–world processes as far as necessary for a given purpose. Over the longer term this simplification may have limited impact but care should be taken in interpreting short to medium term modelled results, where it may have a greater impact.

Combined Authority Response:

The model was built and has been used to undertake an economic assessment of bus reform over an appraisal period ending in 2041–15 years after the first zones have been franchised, not in the short to medium term. The way an operator would reduce fixed costs in a model of this nature cannot realistically be represented in any other way other than concurrently with the service reduction as it is not possible to reduce fractions of fixed costs over a long term.

In terms of proving a result for this long run appraisal period the audit is clear that this has limited impact. It is acknowledged in terms of this observation that the Combined Authority should take care in terms of placing weight on short to medium term modelled results, but this observation confirms that over the longer term this simplification is appropriate as it has limited impact, whilst allowed for modelling of the impact of services changes in response to changes in patronage.

Case:

Economic

Observation:

Documentation of budget model development. Some of the key assumptions in the Budget Model (and involvement in decision–making around these) have not been fully documented.

Commentary (from Grant Thornton letter):

The Economic Case presents a high–level summary of the principles applied in the Budget Model, which is where the analysis establishes which services would cease to be operated commercially or at all in each of the modelled cases and therefore plays an important role in the appraisal.

In practice a wide range of detailed assumptions are embodied in the calculations of the Budget Model, some of which are significant but are not (and could not reasonably have been) sourced in any official guidance. It is clear that an appropriate team of specialists has been involved in development of the economic case and its supporting models.

However, we have not seen documentation that comprehensively evidences a controlled process of involving the appropriately experienced specialists within that team in reviewing and signing off decisions on these embedded assumptions. This involvement would provide confidence in the quality of those assumptions in lieu of official guidance or other documented sources. Examples of documentation might have included, for example, signed–off and dated model specification papers, calibration reports and documents recording outcomes of quality control processes. However, there may be other processes to achieving and demonstrating this involvement and we understand that WYCA is satisfied from its management oversight that appropriate involvement in decision making has occurred.

Combined Authority Response:

The assessment has been put together in partnership with suitably qualified and experienced consultants, appointed through a rigorous and financially compliant process. To determine the consultant's suitability for in particular the modelling and economic assessment, the following elements were requested and evaluated:

- the proposed modelling methodology, including key considerations to support the assessment.
- the skills and expertise the consultants would bring to the programme – including case studies of relevant past projects.

We note that the core of the observation is in respect of whether the review and sign off process for the decision on the embedded assumptions was sufficiently documented for the auditors to review. There were arrangements put in place to work with the suitably qualified and experienced consultants which involved continuing Combined Authority officer oversight of the development of the model and the assumptions embedded in it through periodic meetings, workshops and presentations from the consultant. Initial meetings centred around the architecture of the model used for modelling bus reform, including the demand and revenue model, the operating cost model and the budget model. In addition, a list of economic case–Inputs and definitions spreadsheet was provided to the Combined Authority and over

the course of a number of meetings which were held for both the Financial and the Economic Cases. The list included, but was not limited to:

- Timeline
    - Franchising start date
    - Franchising transition
    - Franchising by lot
    - EP start date
- Network Interventions
- Fleet Strategy
    - Clean fleet vehicle type
    - Ownership & purchase
    - Deployment plan
- Budget available to support services
- Assumed margin on supported services under EP, and all services under Franchising
- Allocation of budget for supported services to lots/routes
- Lotting Strategy
    - number of lots and boundaries.
    - allocation of routes to lots
- Route list
- School services
- Scenarios
    - At these meetings options around various assumptions were presented, discussions were had, and decisions arrived at. That fed into the model development.
    - This whole approach from procurement to assumption agreement is considered to be a reasonable approach Any risk from this observation was mitigated through officer management and oversight. We are therefore comfortable that, whilst this is a reasonable challenge from the auditor, it does not alter the results or the integrity of the assessment.

Case:

Economic

Observation:

Complexity and transparency of the Economic Case models

Commentary (from Grant Thornton letter):

The modelling suite uses a number of complex formulas and macros reducing the transparency of calculations, whilst not being supported by detailed documentation. Many formulas include several calculations in one, rather than being calculated step by step. The models, and in particular the Budget Model, also include a number of macros which make tracking calculations and outputs difficult. As a result of this, our

understanding of the models was supported by running sensitivity tests (i.e. validating the expected movement in values based on input change) to check if the model works in line with the high–level descriptions of the functionality in the Economic Case and Assumptions Log. We have not identified any adverse implications of this for the modelling supporting the economic case as it stands. WYCA may wish to consider whether improved documentation could mitigate any risks around model use and understanding at future stages.

The economic case models contain a number of legacy elements and calculations which are no longer used. Whilst some of the changes in approach are noted in the relevant sections of the model, others are not, and we recommend removing all legacy calculations to improve transparency of the modelling approach.

Combined Authority Response:

We note that this observation does not identify any adverse implications in respect of the model, only that there may be future benefits in continuing to develop our management of documentation, so this does not affect the Assessment.

For similar reasons, we will remove where possible legacy calculations, but will only do so where this will not affect the operation of the model, and therefore does not affect the Assessment.

Case:

Financial

Observation:

Flexibility of service provision

Commentary (from Grant Thornton letter):

The Assessment seeks to provide the bus network within the budget available, applying service cuts if required to remain within budget (largely) within each financial year. The Assessment assumes that there is no time lag between the need to reduce services to remain within budget and the delivery of the reduction in services and hence reduction in costs.

In practice, it is likely that there will be scenarios which require changes to services and to achieve service cuts, the contracts put in place would need to be sufficiently flexible to enable such service changes to be implemented. There would inevitably be a delay between identifying the need to cut services, gaining agreement/approval to remove services and the actual cutting of these services.

This has the potential to cause affordability and budgetary challenges particularly if the change in services is driven by affordability constraints. We would also note that it is unlikely that all costs relating to a service could be cut – for example, fleet and depot costs may continue to be incurred regardless of cut to services.

Combined Authority Response:

We acknowledge that the Combined Authority carry this risk and we included at the bottom of this paper an additional note which considers the potential impact of sudden reductions in revenue for all three regulatory options.

The conclusion of this analysis is that the risk of sudden losses of revenue affects all of the three regulatory options, and that while it may be beneficial for the Combined Authority to establish some additional specific reserves for this risk, doing so would not materially affect the cost of the options or the conclusions of the assessment.

Case:

Financial

Observation:

Downside sensitivities

Commentary (from Grant Thornton letter):

Sensitivities have been included within the Financial Case. We note that downside sensitivities in respect of the following have not been included:

Impact of available funding

A key assumption is that the bus budget will be met primarily through the local authority levy. This is forecast in the Base Case to be fixed until 2025/26, before rising at 2% thereafter. The assumption is that all constituent authorities will agree to meet the base level of the transport levy, before agreeing to the inflationary figures over the remainder of the evaluation term.

While there is a downside scenario that fixes (rather than inflates by 2%) a proportion of the available budget, the impact of a more significant fall in transport budget has not been assessed. While a fall would impact all three options similarly (and therefore not change the evaluated outcome), the Assessment could have considered the impact of a more significant fall in the transport budget in the event of further constraints being placed on local authority spending.

Revenue risk

We recognise that the acceptance of farebox risk for all passenger services within the franchising scheme by the Combined Authority has been clearly communicated to decision makers through board meetings/reporting packs etc. as a key risk associated with the franchising option. This reflects a significant change to the existing risk profile. As such, the Authority will be exposed to a material risk due to the impact of a significant unforeseen fall in revenues.

This relates to the observation above regarding the flexibility of service provision. In particular, the consideration of how quickly WYCA could, in practice, react to revenue shortfalls and cut costs of service delivery (if at all), particularly under the franchising option.

Combined Authority Response:

Impact of available funding

As noted in the observation from Grant Thornton, the assessment does include downside scenario that reflects that ENCTS funding is outside the discretion of the districts and therefore it would be reasonable to assume that it would never be frozen in nominal terms.

In particular, the Combined Authority are under a duty under section 149 Transport Act 2000 to reimburse operators for providing concessions under the mandatory concessionary travel requirements in section 145A Transport Act 2000 (ENCTS). As there is a legal requirement on the operator to provide the concessionary travel, and a legal duty on the Combined Authority to reimburse the operator, then beyond the terms of the Combined Authority 's statutory concessionary fares scheme (which is required to comply with the broad objective of leaving the operator no better no worse) there is a limited amount that can be done to control expenditure under this duty.

In addition, the Combined Authority have broader legal duties to provide secured bus services under section 9A(3) Transport Act 1968 "This duty provides the Combined Authority with a level of discretion as to what services it is appropriate for the Combined Authority to secure (and therefore the Combined Authority can take into account budgetary constraints etc. as a relevant factor). However, such decisions still need to be made in the context of the Combined Authority's transport strategies and therefore could not be used to determine to fund very limited services, if that ran contrary to the strategy.

As a result, were the Combined Authority to consider any funding reductions, these would need to be balanced with statutory duties and it may not be open to the Combined Authority to cut its budget beyond a certain point, if this means that the Combined Authority cannot comply with these statutory duties.

Revenue risk

Revenue risk is recognised as an incremental risk under Franchising, and it is important to stress that under the other options, there are significant levels of supported services which the assessment suggests will grow in proportion over time (where the Combined Authority is also exposed to revenue risk).

The challenge of sudden reductions in demand and the need to manage service levels is one that affects all cases, and the potential impacts are considered in the additional note at the bottom of this paper.

Case:

Financial

Observation:

Leeds depot 3 valuation. No external valuation was carried out for Leeds depot 3 which is inconsistent with the approach to other depots.

Commentary (from Grant Thornton letter):

No external valuation was carried out for "Leeds depot 3" as the location is not based on an existing depot. An estimate of £3m has been made by the assessment team based on the cost of the other Leeds sites in the absence of other data being available. Given the potential level of uncertainty, this has been included as an observation as any variation from this estimate would be likely to not be considered material over the assessment period.

WYCA have included a 30% cost sensitivity on all depots in the financial case, noting that the net impact would be a £0.03m increase in the draw on the Combined Authority budget over the appraisal period, with the increase reflecting a use of an additional £6.9m of the forecast closing balance of the earmarked reserve by the end of the evaluation period.

Combined Authority Response:

A specific valuation was carried out for existing depots. As there is no specific location for the Leeds 3 depot at present, an estimate of its cost was made based on the costings of the other Leeds depots.

The uncertainty regarding depot costs is an important risk to consider, and as stated, even for a substantial increase (30%) across all depot purchase costs, the impact on cashflow for the Combined Authority can managed within the model's reserves.

Case:

Financial

Observation:

Financial Case model

Commentary (from Grant Thornton letter):

The findings below in respect of the financial model reflect best practise improvements, a model amendment for which would not impact on the results of the appraisal.

Hardcoded elements in the model – Elements of the Financial Model are not dynamic and/or do not link to a separate and transparent input. This has no impact on the results of the appraisal, however, it reduces the model transparency for the user.

Legacy calculations and calculations for internal purposes – The model contains a number of calculations and outputs which are either legacy calculations / functionality or have been created for internal purposes only (i.e. not intended to be used for the Assessment analysis). We would suggest removing these to aid transparency of the model.

The appraisal period for the purposes of the business case ends in March 2041. However, the model timeline runs through to March 2046. Although this is clearly noted in the Business Case itself, it is not clearly indicated in the model. The model would be more transparent if the appraisal period was linked to the start and end dates of the appraisal period inputs.

Combined Authority Response:

We acknowledge that there are some elements of the model where more flexibility could be introduced, and coding could continue to be developed. In addition, where redundant elements exist, these can be removed.

We recognise that the model extends beyond the appraisal period, which was originally to provide more flexibility, but the model can easily be amended to cover only the appraisal period.

As stated, making the above changes would not affect the results of the appraisal.

Additional note relating to the response to the observation on Flexibility of service provision

This assessment has been carried out on the basis that the Combined Authority will manage services within the budget available. Part of that budget relates to the amount of farebox revenue. Therefore if the farebox revenue varies from the forecast, the overall budget will reduce and the service level will also have to be adjusted.

For normal changes, such as gradual increases or declines in revenue, it is intended that the contracts with bus operators will be able to be flexed to reflect changes in demand.

If there were to be more significant changes to demand of a shock nature, then the Combined Authority would need to take steps to mitigate the financial impact. An example of this is what happened during the COVID–19 pandemic when operators revenue fell significantly. In those circumstances, a number of government initiatives were used to soften the impact on operators while providing a bus service for essential workers.

For the assessment, we have assessed a revenue shock that would be substantial, but not lead to government interventions. The example use is a sudden, 5% drop in ridership on buses. This could be caused by (for example) an international health pandemic that had not yet reached the UK.

Under the contracts as envisaged the operators would be required to accept some changes in provision, but it would be unlikely to be equivalent to the full 5%. Therefore the Combined Authority would need to make a variation to the contract and while operators may be required to mitigate and reduce their costs, we have prudently assumed that there would be a six month period where the full cost of a franchise would still need to be paid, but farebox revenue would have reduced by 5%. After the six month period it is anticipated that the operators would have demobilised sufficient resource.

Losing six months of 5% of revenue as a one off shock under franchising is estimated to cost the Combined Authority £3.5 million if it was to occur in 2032.

However, it is also important to stress that in the equivalent scenario under the Reference Case and EP+ there would be a need for a significant amounts of supported services to respond to the impact on commercial operations, as well as the need to manage revenue loss on supported services and that they would have the same issue of reduced revenue on supported services but substantially fixed costs in the contract.

The table below shows the impact on all three options of such a fall in revenue.

Table 1 – Impact On Revenue

Case	Revenue reduction
Reference Case	£2.4m
EP Plus	£2.6m
Franchising	£3.5m

It is possible for the Combined Authority to provide a specific reserve for such an event. This could be in addition to the earmarked reserve that is included for franchising. If this was to be done, it would not have a material impact on the costs of the three options or the ranking of them. The table below shows the % increase in budget required to establish such a reserve.

Table 2 – % Increase In Budget Required

Case	% Increase in budget required
Reference Case	0.2%
EP Plus	0.2%
Franchising	0.3%

Appendix 5 – Proposed Franchising Scheme

Transport Act 2000
The West Yorkshire Franchising Scheme for Buses [*****]

Made [*****]

Arrangement of the Scheme

1 Citation and commencement

2 Interpretation

3 The Franchising Scheme Area and Sub Areas

4 Entry into Local Service Contracts

5 Services under Local Service Contracts

6 Exceptions from the Scheme

7 Scheme facilities

8 Plan for consulting on operation of the Scheme

9 Variation and Revocation of the Enhanced Partnership

Annexes

Annex 1 Services Included (article 5)

Part 1 – General Services

Annex 2 Services Included (article 5.2.3)

Part 1 – Services to Schools

Annex 3 Excepted Services (article 6)

Annex 4 West Yorkshire bus franchising scheme map

The West Yorkshire Franchising Scheme for Buses [*****]

A: The Transport Act 2000 (as amended) (2000 Act) makes provision for a franchising authority to make a franchising scheme covering the whole or any part of its area. WYCA is a franchising authority as defined in the 2000 Act.

B: WYCA gave notice of its intention to prepare an assessment of a proposed scheme in accordance with sections 123B and section 123C(4) of the 2000 Act on 24 June 2021. Having complied with the process as set out in the Act, WYCA may determine to make the scheme in accordance with sections 123G and 123H of the 2000 Act.

Now, therefore, the Mayor on behalf of WYCA, in exercise of the powers conferred by sections 123G and 123H of the 2000 Act, and of all other enabling powers, hereby **makes the following franchising scheme (Scheme):**

1. Citation and commencement

1.1. This Scheme may be cited as the West Yorkshire Franchising Scheme for Buses [*****] and is made on [******].

1.2. This Scheme shall come into operation on [******] and shall remain in operation thereafter unless varied or revoked in accordance with the 2000 Act.

2. Interpretation

In this Scheme:

1985 Act means the *Transport Act 1985*.

2000 Act has the meaning given to it in recital A.

Commencement Date has the meaning ascribed to it in article 1.2.

EP Plan means The West Yorkshire Enhanced Partnership Plan made on 31 March 2022 by WYCA, City of Bradford Metropolitan District Council, Calderdale Metropolitan Borough Council, Kirklees Council, Leeds City Council and City of Wakefield Metropolitan District Council pursuant to section 138A of the *2000 Act*.

EP Schemes means each enhanced partnership scheme which is associated with the EP Plan and made by WYCA, City of Bradford Metropolitan District Council, Calderdale Metropolitan Borough Council, Kirklees Council, Leeds City Council and City of Wakefield Metropolitan District Council pursuant to section 138A of the *2000 Act*, including:

(a) The West Yorkshire Enhanced Partnership made on 31 March 2022;

(b) The West Yorkshire Enhanced Partnership made on 1 November 2022,

and EP Scheme shall be construed accordingly.

Franchising Scheme Area means the WYCA Area.

Local Service Contract has the same meaning as in section 123A(5) of the *2000 Act*.

Local Services has the same meaning as in section 2 of the *1985 Act*.

Operator means a person operating a local service, and references to an Operator shall be construed in accordance with section 137(7) of the *1985 Act*.

Scholars' Service means a Local Service providing transport for pupils to and/or from schools within the Franchising Scheme Area which does not provide transport to the general public.

Service Permit has the meaning given to "service permit" in section 123P(2) of the *2000 Act*.]

West Yorkshire Bus Franchising Scheme Map means the map so described which is deposited at [*****][1]. (A smaller scale version of this plan is at Annex 5 for the purposes solely of illustration.)

WYCA means the West Yorkshire Combined Authority.

1. The map is available for inspection there and online at http://www.yourvoice.westyorks-ca.gov.uk/busreform

WYCA Area means the area consisting of the areas of the metropolitan borough councils for the local government areas of Bradford, Calderdale, Kirklees, Leeds and Wakefield.

3. The Franchising Scheme Area and Sub–Areas

3.1. The WYCA Area is hereby designated as the area to which the Scheme relates[2].

4. Entry into Local Service Contracts

4.1. The date on which a Local Service Contract to provide a Local Service may first be entered into shall be [*****][3].

4.2. The period that is to expire between the date on which a Local Service Contract is entered into and the provision of a Local Service under that Local Service Contract shall be a period of nine (9) months[4].

4.3. The date on which a Local Service may first be provided under a Local Service Contract shall be [*****].

5. Services under Local Service Contracts

5.1. Subject to article 6, the Local Services that are appropriate, and are intended, to be provided under Local Service Contracts are those specified in Annex 1 and Annex 2 to this Scheme[5].

6. Exceptions from the Scheme

The Local Services excepted from regulation arising because of the Scheme are those listed in Annex 3.

7. Scheme facilities

7.1. The additional facilities that WYCA consider appropriate to provide in the WYCA Area are:

(a) such depots as may facilitate the letting of the Local Service Contracts; and

(b) such zero emission buses as may facilitate the letting of Local Service Contracts.

8. Plan for consulting on operation of the Scheme

8.1. WYCA will consult such organisations being those that appear to WYCA to be representative of users of Local Services, and may consult other organisations and persons, as WYCA thinks fit.

2. Section 123H(2)(a)
3. Section 123H(2)(c)
4. Section 123H(2)(d)
5. Section 123H(2)(b)

8.2. The purpose of any consultation undertaken in accordance with this article 8 is to seek the views of the users of Local Services on how well the Scheme is working[6]. WYCA will consult in accordance with this article 8 within a period of [24] months from the date set out in article 4.3 and at such other times periodically as WYCA considers appropriate.

8.3. Any consultations carried out in accordance with this article 8 shall last for such period of time as WYCA thinks fit so as to ensure that those organisations and persons described in article 8.1 have sufficient time to respond.

8.4. WYCA will make available to the public its response to any consultation carried out in accordance with this article 8.

9. Variation and Revocation of the Enhanced Partnership

9.1. Immediately after the dates on which subsections (2) and (3) of section 123J of the 2000 Act apply to the Franchising Scheme Area, the EP Plan and each EP Scheme shall be revoked in respect of the Franchising Scheme Area[7].

THE MAYOR OF WEST YORKSHIRE

[Date]

6. Section 123(A)(9).

7. Section 123(H)(6)(b).

Annex 1 – Services included (article 5)

The services listed in Annex 1 and 2 reflect those included within the modelling for the Assessment. This ensures that the list of services reflects those which were included in the network considered for the Assessment. These lists may need to be updated after the conclusion of this consultation and prior to the Proposed Franchising Scheme being implemented to reflect changes to the bus network in the interim.

Part 1 – General Services

Origin	Via	Destination
Aberford	Barwick–in–Elmet	Cross Gates
Aberford	East End Park	Leeds
Adel	Headingley	Leeds
Adenhurst	Lowerhouses	Huddersfield
Airdale Hospital	Cross Hills	Skipton
Allerton	Bradford Royal Infirmary	Bradford
Almondbury		Huddersfield
Almondbury	Huddersfield	Lindley
Almondbury		Lindley
Alverthorpe		Wakefield
Ashenhurst		Huddersfield
Baildon		Bradford
Barkisland	Greetland	Brighouse
Batley	Ossett	Wakefield
Beaumont Park		Huddersfield
Beeston	Leeds	Weetwood Lawnswood School
Berry Brow		Huddersfield
Bingley	Shipley	Bradford
Bingley	Manningham	Bradford
Bingley	Bradford Royal Infirmary	Bradford
Birstall	Howden Clough	Dewsbury
Blackmoorfoot	Crossland Hill	Huddersfield
Blackmoorfoot	Slaithwaite	Marsden
Blackshaw Head	Heptonstall	Hebden Bridge
Bracken Bank		Keighley
Bradford	Pudsey	Leeds
Bradford	Bramley	Leeds
Braithwaite		Keighley
Bramley	Leeds	St James Hospital
Brighouse	Odsal Top	Bradford
Brighouse	Copley	Halifax
Brighouse	West Vale	Halifax
Brighouse	Cowcliffe	Huddersfield

Origin	Via	Destination
Brighouse	Bradley Bar	Huddersfield
Brighouse	Cleckheaton	Leeds
Brockholes		Holmfirth
Buttershaw	Five Lane Ends	Bradford
Buttershaw	Eccleshill	Bradford
Buttershaw		Bradford
Buttershaw	Bradford	Shipley
Castleford	Airedale	Ferry Fryston
Castleford	Pontefract	Leeds
Castleford	Colton	Leeds
Castleford		Leeds
Castleford	Kippax	Leeds
Castleford	Woodlesford	Leeds
Castleford	Swillington	Leeds
Castleford	Normanton	Wakefield
Chapeltown	Leeds	White Rose
Chequerfield		Castleford
Chequerfield		Pontefract
Clayton	Scholemoor	Bradford
Cleckheaton	Heckmondwike	Batley
Cleckheaton		Bradford
Cleckheaton	Clifton	Bradford
Cleckheaton		Huddersfield
Cottingley	Shipley	Bradford
Cottingley Vale	Holbeck	Leeds
Crimsworth	Dodd Naze	Hebden Bridge
Crosland Moor	Huddersfield	Bradley
Cross Gates	Scholes	Seacroft
Cross Lee		Todmorden
Cullingworth	Bingley	Keighley
Cullingworth		Keighley
Dalton	Huddersfield	Lindley
Denby Dale	Kirkburton	Huddersfield
Denby Dale	Shepley	Huddersfield
Denby Dale	Highburton	Huddersfield
Dewsbury	Birstall	Bradford
Dewsbury	Morley	Pudsey
Dewsbury	Batley	Pudsey
Dewsbury	Ossett	Wakefield
Dewsbury	Grange Moor	Wakefield

Origin	Via	Destination
Dewsbury	Woodkirk	Wakefield
Dewsbury and District Hospital	Pinderfields Hospital Pontefract Southgate Hospital	Pontefract Hospital
Dewsbury Moor	Dewsbury	Shaw Cross
East Brierly	Cleckheaton	Brighouse
East Hardwick		Pontefract
Eastmoor		Wakefield
Eldwick	Cottingley	Bradford
Eldwick	Allerton	Bradford
Eldwick	Wilsden	Bradford
Elland	Rastrick	Brighouse
Elland, St Pauls Church	Hollywell Green	Elland, Opp Victoria Road
Esholt		Shipley
Euroway Industrial Estate	Bierley	Bradford
Exley		Keighley
Fagley	Odsal Top	Brighouse
Farnley	Armley	Leeds
Featherstone	Garforth	Wakefield
Fernville	Gipton	Old Farnley
Ferry Fryston	Airedale	Castleford
Ferry Fryston		Castleford
Garforth	Thorpe Park	Leeds
Gawthorpe	Roundwood	Wakefield
Gildersome	White Rose	Leeds
Gledhow	Leeds	White Rose
Golcar	Milnsbridge	Huddersfield
Grange Moor	Thornhill	Dewsbury
Greetland	West Vale	Brighouse
Greetland	Hullen Edge	Elland
Guiseley	Horsforth	Leeds
Hade Edge	New Mill	Huddersfield
Halifax	Queensbury	Bradford
Halifax	Shelf	Bradford
Halifax	Brighouse	Bradley
Halifax	Elland	Huddersfield
Halifax	Outlane	Huddersfield
Halifax	Hipperholme	Huddersfield
Halifax	Elland	Huddersfield
Halifax	Stainland	Huddersfield
Halifax	Odsal	Leeds

Origin	Via	Destination
Halifax	Cleckheaton	Leeds
Hall Green	Belle Isle	Wakefield
Hall Green	Denby Dale	Wakefield
Halton	Cross Gates	Seacroft
Halton Moor	Harehills	Leeds
Halton Moor	Kirkstall	Pudsey
Headingley Stadium		Leeds
Healey	Horbury	Wakefield
Heaton		Bradford
Hebden Bridge		Huddersfield
Hebden Bridge	Oxenhope	Keighley
Hebden Bridge, Eaves Estate		Hebden Bridge Station
Heckmondwike	Mirfield	Huddersfield
Heckmondwike	Birstall	Leeds
Heckmondwike	Morley	Leeds
Heckmondwike	White Rose	Leeds
Hemsworth	New Crofton	Wakefield
Hepworth		Holmfirth
Hepworth		Huddersfield
Hey Green (Marsden)	Marsden Rail Station	Marsden
Highcroft		Todmorden
Hirst Wood		Shipley
Holmbridge		Holmfirth
Holme		Huddersfield
Holme Wood	Laisterdyke	Bradford
Holmfirth	Meltham	Halifax
Holmfirth	Honley	Huddersfield
Holmfirth		Huddersfield
Holmfirth	Shelley College	Wakefield
Holmfirth		Wakefield
Holmfirth	Denby Dale	Wakefield
Holt Park		Horsforth
Holt Park	Headingley	Leeds
Holt Park		Otley
Honley	Netherthong	Holmfirth
Honley	Berry Brow	Huddersfield
Honley	Marsden Morrisions	Marsden
Horsforth	Leeds	White Rose
Huddersfield	Brighouse	Bradford
Huddersfield	Heckmondwike	Leeds

Origin	Via	Destination
Huddersfield	White Rose	Leeds
Huddersfield	Dewsbury	Leeds
Huddersfield	Diggle	Oldham
Huddersfield	Grange Moor	Wakefield
Huddersfield	Overton	Wakefield
Huddersfield Royal Infirmary	Brackenhall	Huddersfield
Hungerhill Estate	Bradford	Shipley
Ilkley	Otley	Leeds
Illingworth	Ovenden	Halifax
Ireland Wood	Leeds	East Garforth
Keighley	Bingley	Bradford
Keighley	Cullingworth	Bradford
Keighley	Denholme	Halifax
Keighley	Shipley	Leeds
Keighley, ASDA		Keighley Bus Station
King Cross	Midgley	Halifax
Kirkheaton		Huddersfield
Knottingley	Ferrybridge	Castleford
Knottingley		Wakefield
Knottingley	Pontefract	Wakefield
Knowle Park		Keighley
Laycock		Keighley
Leeds		Elland Road Stadium
Liversedge		Heckmondwike
Longfield		Todmorden
Longwood		Huddersfield
Marsden Dirker		Huddersfield
Marsden Hard End		Huddersfield
Meanwood	Pool	Otley
Meltham	Netherton	Huddersfield
Meltham		Huddersfield
Meltham		Huddersfield Royal Infirmary
Meltham, Parkin Lane	Meltham Morrisions	Meltham Mill Moor Road
Menston		Otley
Middlesmoor, Aj Scar House Reservoir	Pateley Bridge	Keighley
Middlestown	Lepton	Huddersfield
Middlestown	National Coal Mining Museum	Huddersfield
Middleton	Armley	Bramley
Middleton	Leeds	Chapeltown
Middleton	Leeds	Harehills

Origin	Via	Destination
Middleton	Leeds	Hunslet
Middleton	Beeston	Leeds
Mixenden	Wheatley	Halifax
Mixenden	Ovenden	Halifax
Monk Ings	Heckmondwike	St John Fisher High School
Moor Grange	Leeds	Whinmoor
Moortown	Meanwood	Leeds
Moortown Water Tower	Chapel Allerton	Leeds
Morley	Middleton	Castleford
Morley	Cottingley	Leeds
Morrisons, Mayo Avenue	West Bowling	Bradford
Morrisons, Mayo Avenue	Bradford Royal Infirmary	Shipley
Mytholmroyd		Hebden Bridge
Netherthong	New Mill	Huddersfield
Newstead	Crofton	Wakefield
Normanton	Pinderfields Hospital	Leeds
Northowram		Halifax
Northowram	Skibden Head	Halifax
Norton Tower	Willow Field	Halifax
Norton Tower	Halifax	Siddal
Norwood Green	Hipperholme	Halifax
Oakworth	Haworth	Keighley
Oakworth	Exley Head	Keighley
Oakworth	Hainwotrth	Keighley
Oakworth	Scar Top	Keighley
Ossett	Gawthorpe	Batley
Ossett		Wakefield
Otley	Horsforth	Leeds
Otley	Yeadon	Leeds
Otley, Peterhouse Drive		Otley
Oxenhope		Keighley
Oxenhope	Haworth	Keighley
Parkhead		Huddersfield
Pecket well		Hebden Bridge
Pinderfields Hospital	East Moor	Wakefield
Pontefract	Featherstone	Castleford
Pontefract	Ackton	Castleford
Pontefract	Castleford	Leeds
Pontefract	Altofts	Wakefield
Pontefract	Normanton	Wakefield

Origin	Via	Destination
Pontefract	Altofts	Wakefield
Pontefract		Wakefield
Pool	Shipley	Bradford
Pool	Headingley	Leeds
Portobello		Wakefield
Pudsey	Morley	Dewsbury
Pudsey	Bramley	Leeds
Pudsey	Farnley	Leeds
Pudsey	Seacroft	White Rose
Rastrick	Hipperholme	Halifax
Rawthorpe	Dalton	Huddersfield
Richmond Hill		Leeds
Riddlesden		Keighley
Rishworth		Huddersfield
Rishworth Commons	Ripponden	Halifax
Rothwell		Castleford
Rothwell		Lofthouse
Ryhill	Moorthorpe	South Elmsall
Sandal	Rothwell	Leeds
Sandal	Kettlethorpe High School	Wakefield
Savile Park	King Cross	Halifax
Scholes	Bradford	Fagley
Scholes	Wooldale	Holmfirth
Scotland Way		Horsforth
Seacroft	Leeds	Bramley
Seacroft	Rothwell	Castleford
Seacroft	Leeds	Horsforth
Seacroft	Cross Gates	Leeds
Seacroft	Leeds	Pudsey
Seacroft	Horsforth	White Rose
Selby	Sherburn in Elmet	Leeds
Sheepridge ASDA	Fartown	Huddersfield
Sheepridge ASDA	Birkby	Huddersfield
Shelf	Brighouse	Halifax
Shelf	Bradshaw	Halifax
Shelf	Round Hill	Halifax
Shelley College		Waterloo
Shipley	Five Lane Ends	Bradford
Shipley	Bolton	Bradford
Shipley		Bradford

Origin	Via	Destination
Shipley	Nab Wood	Cottingley
Shipley	Bradford	West Bowling
Shipley Glen	Idle	Bradford
Shipley Glen		Bradford
Silsden		Keighley
Slaithwaite	Meltham	Holmfirth
Slaithwaite	Wellhouse	Huddersfield
Smiddles Lane	West Bowling	Great Horton
Sorthes Hall Park		Huddersfield
South Elmsall	Crofton	Wakefield
Sowerby Bridge		Halifax
Sowerby Bridge	Calderdale Royal Hospital	Halifax
Sowerby Bridge	Boulderclough	Halifax
St James Hospital	Hunslet	John Charles Stadium
Staincross	Woolley	Kettlethorpe
Stainland		West Vale
Stanbury	Haworth	Keighley
Stanley Lake	Wrenthorpe	Wakefield
Taylor Hill		Huddersfield
Thomas A Becket School	Rothwell	Leeds
Thornbury Barracks	Pudsey	Elland Road Stadium
Thornhill		Dewsbury
Thornton	Four Lane Ends	Bradford
Thurstonland		Meltham
Thwaites	Long Lee	Keighley
Todmorden		Rochdale
Tyersal Crescent		Bradford
Tyersal Crescent	Hall Ings	Bradford
Tyersal Crescent		Coop Academy Preisthorpe
Upperthong		Holmfirth
Upton	South Elmsall	Wakefield
Wainstalls	Pellon Moor	Halifax
Wainstalls	Mixenden	Halifax
Wainstals	Mount Talbor	Halifax
Wakefield	Heckmondwike	Bradford
Wakefield	Morley	Bradford
Wakefield	Ossett	Leeds
Wakefield	Outwood	Leeds
Wakefield	Gawthorpe	Leeds
Wakefield	Ossett	Leeds

Origin	Via	Destination
Wakefield	Ossett	Leeds
Walsden		Todmorden
Wetherby	Collingham	Leeds
Wetherby	Pinderfields Hospital	Wakefield
Wetherby	Garforth	Wakefield
Wetherby	Arthington	Wetherby
West Bowling	Bradford	Thorpe Edge
West Bowling	Five Lane Ends	Thorpe Edge
Weston	Warfdale Hospital	Otley
Wheatley		Halifax
Whinmoor	Leeds	Pudsey
White Rose	East Ardsley	Wakefield
Wigton Moor		Morley
Wilberlee		Huddersfield
Woodhall Centre	Karmand Community Centre	Bradford
Woodhouse Grove		Todmorden
Wooldale		Holmfirth

Annex 2 – Services included (article 5.2.3)

Part 1 – Services to Schools

Destination
Oak CE Primary School
Oulton Academy
Outwood Academy Hemsworth
Outwood Grange Academy
Park Lane Academy
Parkside School
Pontefract New College
Prince Henry's Grammar School
Ralph Thoresby High School
Rastrick High School
Rodillian Academy
Rothwell Primary School
Rowley Lsnr J&I Nursery
Ryburn Valley High School
Sacred Heart Catholic Primary School, Sowerby
Salendine Nook High School
Sandal Primary School
Sandy Lane Primary School
Scissett Middle School
Shade Primary School
Shelley College
Skipton Girls' High School
South Craven School
St Aidan's C of E High School
St Bede's & St Joeseph's Catholic College
St Benedict's RC Primary Garforth
St Cuthbert & The First Martyrs' Catholic Primary School
St John Fischer Catholic High School, Dewsbury
St John Fischer Catholic High School, Harrogate
St Joseph's Catholic Primary School, Bingley
St Joeseph's Catholic Primary School, Huddersfield
St Joeseph's RC Primary School, Todmorden
St Mary's RC Primary School Rothwell
St Mary's Menston Voluntary Academy

Destination
St Mary's Catholic Primary School
St Paulinus RC Primary School
St Theresa's Catholic Primary School
St Thomas A Becket Catholic Secondary School
St Thomas CE (VC) Primary School
St Urban's Catholic Primary School
St Wilfrid's Catholic High School
Steeton Primary School
Tadcaster Grammar School
Thornton Primary School
Titus Salt School
Todmorden CE Primary School
Todmorden High School
Tong School
Trinity Academy Bradford
Trinity Academy Grammar
Trinity Academy Halifax
Trinity All Saints CE Primary School
Wakefield College (Glasshoughton Campus)
Wetherby High School
Whitcliffe Mount School
Woodkirk Academy

Annex 3 – Excepted services (article 6)

1. The following Local Services shall be excepted from regulation arising because of the Scheme (as further set out below, as applicable):

   1.1. a Scholars' Service;

   1.2. a Local Service provided where a railway service has been temporarily interrupted; and.

   1.3. any Local Service specified in Annex 1 or Annex 2 to this Scheme up until the effective time of the first Local Service Contract in which such Local Service is specified.

Annex 4 – West Yorkshire Bus Franchising Scheme Map





West Yorkshire Combined Authority | Tracy Brabin Mayor of West Yorkshire